润华物业
RUNHUA PROPERTY

Runhua Living Service Group Holdings Limited
润华生活服务集团控股有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 2455)

ANNUAL REPORT 2025

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Yang Liqun *(Chairman of the Board)*
Mr. Fei Zhongli *(Chief Executive Officer)*

Non-executive Directors

Mr. Luan Tao
Mr. Luan Hangqian
Mr. Cheng Xin

Independent Non-Executive Directors

Ms. Bao Ying
Ms. He Murong
Ms. Wang Yushuang

AUDIT COMMITTEE

Ms. Wang Yushuang *(Chairlady)*
Mr. Cheng Xin
Ms. Bao Ying

REMUNERATION COMMITTEE

Ms. He Murong *(Chairlady)*
Mr. Yang Liqun
Ms. Wang Yushuang

NOMINATION COMMITTEE

Mr. Yang Liqun *(Chairman)*
Ms. He Murong
Ms. Bao Ying

AUTHORISED REPRESENTATIVES

Ms. Ng Ka Man
Mr. Yang Liqun

COMPANY SECRETARY

Ms. Ng Ka Man

INDEPENDENT AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditor
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay,
Hong Kong

LEGAL ADVISERS

As to Cayman Islands law:
Campbells
Floor 35, Room 3507
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Floor 4, Willow House
Cricket Square
Grand Cayman KY1–9010
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

6th Floor, Building No. 1
Lemeng Center
No. 28988 Jingshi Road
Jinan City
Shandong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFER

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1–9010
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China Co., Ltd. (Jinan Dajin Branch)
Industrial and Commercial Bank of China Limited
(Jinan Huaiyin Branch)

WEBSITE

www.sdrhwy.cn

STOCK CODE

2455

FINANCIAL SUMMARY

The following is a summary of the results and assets and liabilities of Runhua Living Service Group Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for each of the years ended 31 December 2021, 2022, 2023, 2024 and 2025.

RESULTS

	For the year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**930,763**	903,691	768,408	691,999	601,298
Gross profit	**127,639**	127,886	133,215	122,150	114,142
Profit before tax	**55,645**	58,341	54,498	51,652	56,444
Income tax expense	**9,325**	(12,879)	(12,769)	(11,271)	(11,993)
Profit for the year	**46,320**	45,462	41,729	40,381	44,451
Profit for the year attributable to:					
Owners of the Company	**46,324**	45,558	41,459	40,167	44,300

ASSETS AND LIABILITIES

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**781,558**	735,047	715,549	540,407	466,680
Total liabilities	**(393,277)**	(381,710)	(374,572)	(339,580)	(308,401)
	388,281	353,337	340,977	200,827	158,279
Total equity attributable to:					
Owners of the Company	**388,090**	353,142	340,330	200,450	158,116

CHAIRMAN'S STATEMENT

Dear shareholders:

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Runhua Living Service Group Holdings Limited, I am pleased to present the annual results of the Company for the year ended 31 December 2025 (the "**Reporting Period**").

The Company developed steadily in 2025, as reflected by the continuous improvement in its revenue structure and rapid growth in business scale and performance. As at 31 December 2025, the Company recorded operating revenue of RMB930.8 million, representing a year-on-year increase of 3.0%, and gross profit of approximately RMB127.6 million, representing a year-on-year decrease of 0.2%.

DUAL PROVISION OF "LIVING SERVICE + HEALTH" TO DRIVE THE DEVELOPMENT OF THE GROUP

Relying on a service system supported by the dual provision of "living service + health", the Group provides quality hospital property management services and keeps improving its hospital value-added services, aiming to create better services for customers with technology, professionalism and dedication. In addition, the Group vigorously expands its property management business covering public properties and commercial properties, so as to continuously optimise its revenue structure.

STEADY DEVELOPMENT OF DIFFERENT CATEGORIES UNDER THE PROPERTY MANAGEMENT BUSINESS

In 2025, we adhered to steady, high-quality and sustainable development. Against the background of fierce competition in the property management industry, we continuously expanded our services internally and externally, continued to develop new business, and achieved robust growth in four different categories under the property management business. In particular, revenue from our hospital property management business grew from RMB378.7 million in 2024 to RMB404.1 million in 2025.

TECHNOLOGICAL EMPOWERMENT AND DIGITAL MANAGEMENT ENABLED THE GROUP TO INCREASE REVENUE, ENHANCE MANAGEMENT EFFICIENCY AND BRING SMART SERVICES TO CUSTOMERS

The Group continues to optimise its revenue structure and transform and upgrade traditional property services. Through the contribution of "property management services", "property engineering and landscape construction services" and "leasing services from property investment", the Group has built a new business model supported by internet platforms, and continuously improved the level of technological empowerment and digital services. The Company carries out internal management and provides services in the form of technology ecology, and creates an internet ecosystem covering the whole industry chain. Meanwhile, relying on its digital core capabilities to provide technology-enabled services, the Group has been constantly improving its service capabilities.

FUTURE OUTLOOK

The Group will continue to focus on its competitive advantages, further consolidate the Company's market position in Shandong, especially in the hospital property management service market in Shandong, and further expand our service coverage through internal growth, strategic acquisitions and other means. Furthermore, the Group will continue to provide high-quality "living service + health" services, further develop digital technology and improve our service capabilities. Looking ahead, the industry will enter a stage of high-quality development, and the Group will vigorously optimise its revenue structure, improve its hospital, commercial and other property management services, and enhance the level of digital empowerment, with a view to achieving steady development.

In respect of the future development of the Group, the Group plans to (i) build on the established presence in Shandong Province, further penetrate key cities by leveraging mergers and acquisitions, strategic partnerships, and competitive bidding. In view of the PRC's continuous growth in the economy and urbanisation, as well as the expected increase in the number of new properties, both in residential and non-residential, apart from growing the business through organic growth initiatives, the Group plans to increase the market share in cities where the Group has presence in Shandong Province, via acquisitions and business collaboration with business partners, as well as penetrate into the market in other developed neighbouring regions, such as Yangtze River Delta Region and Beijing-Tianjin-Hebei Region, via acquisitions of well-established local property management companies; and (ii) prioritize developing value-added service.

APPRECIATION

On behalf of the Board, I would like to extend my sincere gratitude to our shareholders, investors, partners, property owners and the society for their trust and support, which are essential to the development of the Group. Also, I would like to express my gratitude and respect to the members of the Board, management of the Company and all employees of the Group for their contributions. Looking to the future, the Company will continue to strive for development and create greater value for all.

Yang Liqun
Chairman and Executive Director

Hong Kong, 30 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 January 2023 (the "**Listing Date**"). The Company issued 75,000,000 ordinary shares with a par share of US$0.0001 each at an offer price of HK$1.70 per share, raising net proceeds of HK$89.9 million (after deducting the Listing expenses).

The Group is a reputable integrated property management service provider in the PRC, with a primary focus in Shandong Province by upholding the strategy of "Shandong Focus (精耕山東)". Over the years, the Group have gradually expanded the geographic presence from Jinan to cover 15 of the 16 prefecture-level cities in Shandong Province. Apart from the properties located in Shandong Province, the Group also managed projects located in Beijing, Hebei Province and Jiangsu Province.

The Group's commitment to quality of service has set a benchmark for high quality property management in the market, which forms the crux to achieving customer loyalty and retention. In 2025, 94.0% of total revenue was generated from provision of property management services to the customers, of which 93.0% was generated from the non-residential properties, such as hospitals, public properties and commercial and other non-residential properties, whereas the remaining 7.0% was generated from residential properties. Hence, the Group's property management services have been and will continue to be strategically focused on non-residential properties in the PRC.

The services provided by the Group can be broadly divided into four business segments by their nature, namely (i) property management services; (ii) property engineering and landscape construction services; (iii) leasing services from property investment; and (iv) other services.

Leveraging the Group's extensive experience in Shandong Province, the Group actively explores and pursues opportunities to expand the property portfolio and bolster the geographic presence across Shandong Province by securing more projects, with a specific interest in high-end hospitals and public properties for improving the Group's profile and exposure in the market.

FUTURE PROSPECTS

In 2025, the Group demonstrated strong resilience and growth potential amid a complex and volatile market environment. Looking ahead, the Group will adhere to the strategic pillars of "deepening core strengths, diversifying growth channels, and innovating smart services" to consolidate its industry leadership and create long-term value for shareholders, clients, and society.

In respect of the future development of the Group, the Group plans to (i) build on the established presence in Shandong Province, further penetrate key cities by leveraging mergers and acquisitions, strategic partnerships, and competitive bidding. In view of the PRC's continuous growth in the economy and urbanisation, as well as the expected increase in the number of new properties, both in residential and non-residential, apart from growing the business through organic growth initiatives, the Group plans to increase the market share in cities where the Group has presence in Shandong Province, via acquisitions and business collaboration with business partners, as well as penetrate into the market in other developed neighbouring regions, such as Yangtze River Delta Region and Beijing-Tianjin-Hebei Region, via acquisitions of well-established local property management companies; and (ii) prioritize developing value-added service.

The Board considers that the public listing status has impacted the perception of customers towards the Group and believes that the public listing status is a form of complementary advertising which will further enhance the corporate profile, assist in reinforcing the brand awareness and market reputation, enhance the credibility with the public and potential business partners and offer the Company a broader shareholder base which will provide liquidity in the trading of the Shares. In addition, the Board believes that the Listing will enable the Group to gain access to the capital market for future fund raising both at the time of Listing and at later stages which would certainly assist the Group in the future business development.

FINANCIAL REVIEW

Revenue

The Group's revenue primarily generated from four business segments by their nature, namely (i) property management services; (ii) property engineering and landscape construction services; (iii) leasing services from property investment; and (iv) other services. The revenue increased by RMB27.1 million or 3.0% from RMB903.7 million for the year ended 31 December 2024 to RMB930.8 million for the Reporting Period, which was primarily attributable to the business growth in the property management sector from RMB841.8 million for the year ended 31 December 2024 to RMB874.6 million for the Reporting Period.

The table below sets forth a breakdown of revenues by type of services provided for the year indicated:

	For the year ended 31 December				
	2025		2024		
	Revenue RMB'000	**%**	Revenue RMB'000	%	**Growth rate** %
Property management services	**874,571**	**94.0**	841,828	93.2	3.9
Property engineering and landscape construction services	**34,161**	**3.7**	35,007	3.9	(2.4)
Leasing services from property investment	**14,914**	**1.6**	20,961	2.3	(28.8)
Other services	**7,117**	**0.7**	5,895	0.6	20.7
Total	**930,763**	**100.0**	903,691	100.0	3.0

The table below sets forth a breakdown of revenue from providing property management services by type of managed properties for the year indicated:

	For the year ended 31 December			
	2025		2024	
	Revenue RMB'000	**%**	Revenue RMB'000	%
Hospitals	**404,087**	**46.2**	378,745	45.0
Public properties	**250,697**	**28.7**	270,319	32.1
Commercial and other non-residential properties	**158,564**	**18.1**	121,536	14.4
Residential properties	**61,223**	**7.0**	71,228	8.5
Total	**874,571**	**100.0**	841,828	100.0

The property management services are the largest source of revenue. For the Reporting Period, the revenue from property management services was RMB874.6 million, accounting for 94.0% of the Group's total revenue. The increase in revenue from the segment was primarily due to the growth in the number of projects in hospital property and public property sectors, and the increase in number of managed projects was driven by the Group's continuous effort to expand business and diversity the portfolios of the property management projects.

For the Reporting Period, the revenue from property engineering and landscape construction services was RMB34.2 million, accounting for 3.7% of the Group's total revenue. The decrease in revenue from the segment was primarily due to the fact that certain sizeable property engineering and landscape construction projects were substantially completed and most of their contract values have been recognised during the Reporting Period.

For the Reporting Period, the revenue from leasing services from property investment was RMB14.9 million, accounting for 1.6% of the Group's total revenue. The decrease in revenue from the segment was mainly caused by the lower occupancy rate of the Group's investment property located in Jinan City rented by the Group in December 2021.

For the Reporting Period, the revenue from other services remained relatively stable, amounting to RMB5.9 million for the year ended 31 December 2024 and RMB7.1 million for the Reporting Period.

Cost of Services

The Group's cost of services primarily includes staff costs, subcontracting costs, material and consumables and other cost of services. For the Reporting Period, the total cost of services of the Group was RMB803.1 million, which increased by RMB27.3 million or 3.5% as compared to RMB775.8 million for the same period of 2024 and was in line with the increase in the revenue generated from property management services.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased by RMB0.3 million or 0.2% to RMB127.6 million for the Reporting Period from RMB127.9 million for the year ended 31 December 2024 as a result of the net effect of the abovementioned factors for the increase in revenue and costs of service.

The following table sets forth a breakdown of the gross profit and gross profit margin by business segments during the year indicated:

	For the year ended 31 December			
	2025		2024	
	Gross profit RMB'000	**Gross profit margin %**	Gross profit RMB'000	Gross profit margin %
Property management services	**119,127**	**13.6**	116,042	13.7
Property engineering and landscape construction services	**4,904**	**14.4**	4,066	11.6
Leasing services from property investment	**977**	**6.6**	2,969	14.2
Other services	**2,631**	**37.0**	4,809	81.6
Total	**127,639**	**13.7**	127,886	14.2

For the Reporting Period, the gross profit margin of the Group decreased by 0.5 percentage point as compared with 2024, which was primary attributed to the decrease in the gross profit margin of the property management services.

The gross profit margin of property management services decreased by 0.1 percentage point, remaining essentially stable.

The gross profit margin of property engineering and landscape construction services increased by 2.8 percentage points, primarily due to the increase in contract value of one project while the project's cost incurred remaining unchanged as a result of the downturn in China's property and construction markets.

The gross profit margin of leasing services from property investment decreased by 7.6 percentage points, mainly because the Group's most significant leasing project, cut rental prices to attract customers and improve the occupancy rate.

The gross profit margin of other services decreased by 44.6 percentage points, primarily attributable to the increase in revenue from the resource center project in 2024, which has a higher gross profit margin.

Other Income and Gains and Expenses, Net

The other income and gains and expenses primarily consisted of government grants and interest income. The other income and gains and expenses, net decreased by RMB0.9 million or 8.7% from RMB10.0 million for the year ended 31 December 2024 to RMB9.1 million for the Reporting Period. The decrease in other income and gains and expenses, net was primarily due to the decrease in the government grants, bank interest income and the foreign exchange difference.

Selling and Distribution Expenses

The selling and distribution expenses decreased by RMB959 thousand or 56.6% from RMB1.7 million for the year ended 31 December 2024 to RMB735 thousand for the Reporting Period. The decrease in selling and distribution expenses was primarily due to the decrease in advertising expenses.

Administrative Expenses

The administrative expenses increased by RMB5.0 million or 6.8% from RMB73.4 million for the year ended 31 December 2024 to RMB78.4 million for the Reporting Period. The increase in administrative expenses was primarily due to higher depreciation expenses.

Finance Costs

The finance costs increased by RMB385 thousand or 4.6% from RMB8.4 million for the year ended 31 December 2024 to RMB8.7 million for the Reporting Period. The increase in finance costs was primarily due to the increase of interest on borrowings.

Share of Profit of Associates

Share of profit of associates increased by RMB2.9 million or 72.1% from RMB3.9 million for the year ended 31 December 2024 to RMB6.8 million for the Reporting Period mainly due to the increase of net profit from an associate.

Income Tax Expense and Effective Tax Rate

The income tax expense decreased from RMB12.9 million for the year ended 31 December 2024 to RMB9.3 million for the Reporting Period.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the enterprise income tax rate of the Group's PRC subsidiaries is 25%, unless subject to tax deduction or exemption. The effective tax rate was 22.1% and 16.8% for the year ended 31 December 2024 and the Reporting Period, respectively. The effective tax rate for 2024 was lower than the statutory tax rate due to (i) the fact that certain subsidiaries of the Group are qualified as small low-profit enterprises in the PRC and were entitled to a preferential income tax rate; and (ii) the adjustment to the profits attributable to an associate amounting to approximately RMB1.0 million for the year ended 31 December 2024, which was not taxable.

The effective tax rate for the Reporting Period was lower than the statutory tax rate due to (i) the fact that certain subsidiaries of the Group are qualified as small low-profit enterprises in the PRC and were entitled to a preferential income tax rate; and (ii) the adjustment to the profits attributable to an associate amounting to approximately RMB1.7 million for the Reporting Period, which was not taxable.

Profit for the Year and Net Profit Margin

As a result of the foregoing, the net profit increased by RMB0.8 million or 1.8% from RMB45.5 million for the year ended 31 December 2024 to RMB46.3 million for the Reporting Period, and the net profit margin was 5.0% for the Reporting Period, remaining stable compared to 5.0% in 2024.

Property and Equipment

Property and equipment of the Group mainly consists of buildings, electronic devices and furniture, fixtures and equipment. As at 31 December 2025, the Group's property and equipment was RMB21.0 million, a slight decrease by RMB0.2 million from RMB21.2 million as at 31 December 2024 mainly due to the corresponding increase in depreciation.

Investment Properties

The investment properties primarily represented commercial properties located in the PRC that were or intended to be leased or subleased to third parties under operating leases for the provision of the property leasing services. The investment properties decreased from RMB74.5 million as at 31 December 2024 to RMB53.6 million as at 31 December 2025, primarily due to the increase in depreciation and decrease resulting from reduction of lease payments.

Investment in Associates

The investment in associates primarily represents the Group's 41% interests in Tianjin Tianfu Property Management Co., Ltd.* (天津天孚物業管理有限公司), which is a property management company located in Tianjin and the Group recorded the investment in associates of RMB148.3 million as at 31 December 2025.

* *for identification purpose only*

Trade and Bill Receivables

The trade and bill receivables are mainly fees receivable from the property management services, and property engineering and landscape construction services. The Group's trade receivables as at 31 December 2025 amounted to RMB272.4 million, representing an increase of RMB13.5 million or 5.2% as compared to RMB258.9 million as at 31 December 2024, primarily as a result of the business growth of property management services to hospitals and public properties, which require a longer settlement period.

Prepayments and Other Receivables

Prepayment, other receivables and other assets comprised prepayments to suppliers, deposits and other receivables. Prepayment, other receivables and other assets increased from RMB25.7 million as at 31 December 2024 to RMB34.1 million as at 31 December 2025, primarily due to the increase of the prepayment and deposits.

Trade Payables

The Group's trade payables as at 31 December 2025 amounted to RMB82.5 million, representing a decrease of approximately RMB2.7 million or 3.2% as compared to RMB85.2 million as at 31 December 2024.

Other Payables and Accruals

Other payables and accruals decreased from RMB122.4 million as at 31 December 2024 to RMB102.2 million as at 31 December 2025, due to the settlement of other payable to suppliers.

Liquidity, Financial Resources and Capital Structures

As at 31 December 2025, the Group had cash and cash equivalents of RMB118.4 million (of which RMB24.9 million is denominated in HK$ (2024: RMB25.7 million), and the rest is denominated in RMB). The total interest-bearing bank loans and other borrowings slightly increased to RMB157.4 million as at 31 December 2025 from RMB109.3 million as at 31 December 2024.

The current ratio (total current assets divided by total current liabilities) as at 31 December 2025 was 1.5 (31 December 2024: 1.7).

The Group finances its working capital requirements through a combination of funds generated from operations and alternative funding resources from equity and debt. The Group did not carry out any interest rate hedging policy.

The share capital of the Company is only comprised of ordinary shares. As at the date of this report, the issued share capital of the Company was US$30,000, comprising 300,000,000 shares of nominal value of US$0.0001 per share.

Capital expenditure and commitments

The Group's capital expenditure in the Reporting Period primarily comprised expenditure on property and equipment, investment properties and other intangible assets, amounted to a total of RMB9.6 million (31 December 2024: RMB13.3 million).

As at 31 December 2025, the Group had no capital commitments (31 December 2024: Nil).

Pledge of Assets

As at 31 December 2024, the property and equipment with a net book value of approximately RMB4,203,000 were pledged to the bank for a loan amounting to RMB20,000,000 with an interest rate of 5.50% (31 December 2025: nil).

As at 31 December 2024, the property and equipment with a net book value of approximately RMB10,167,000 were pledged to a financial institution, which is an independent third party, for a loan amounting to RMB6,936,000 guaranteed by the entity controlled by Mr. Luan Tao (31 December 2025: nil). The loan was due within two years with an interest rate of 3.48% (31 December 2025: nil).

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities (31 December 2024: Nil).

Cash Flow

For the Reporting Period, the net cash used in operating activities was RMB8.7 million, which was mainly due to an increase of RMB29.2 million in restricted deposits. The net cash used in investing activities for the Reporting Period was RMB103.2 million, which was primarily due to the prepayment of RMB95 million in relation to the acquisitions of equity investment and investment properties for the Reporting Period. The net cash from financing activities for the Reporting Period was RMB10.9 million, which was primarily due to the new interest-bearing borrowings, partially offset by the repayment of interest-bearing borrowings and the principal portion of lease payments.

Foreign Exchange Risk

The Group operates its business primarily in the PRC. RMB is the currency used by the Group for valuation and settlement of all transactions. Any depreciation of RMB would adversely affect the value of any dividends paid by the Group to shareholders outside the PRC. Majority of the Group's cash and cash equivalents is denominated in RMB. The Group is currently not engaged in hedging activities that are designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange activities and make its best efforts to protect the cash value of the Group.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the Reporting Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Company did not have any significant investments (including significant investments which accounted for 5% or more of the total assets of the Group) or material acquisitions or disposals of subsidiaries, associates and joint ventures.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the Reporting Period (2024: Nil).

FUTURE PLANS FOR MAJOR INVESTMENTS

The Group intends to utilise part of the net proceeds raised from the Global Offering to acquire property management companies according to the Prospectus. As at the date of this report, the Group does not have any other material plans to invest in the future.

EMPLOYEES AND REMUNERATION POLICY

The Group employed 12,900 employees as at 31 December 2025 (31 December 2024: 11,682). The Group also engages subcontractors in provision of labour intensive works, such as general cleaning and security services. The employment contracts either have no fixed terms, or if there are fixed terms, the terms are generally up to five years, after which the Group evaluate renewals based on performance appraisals. All of the full-time employees are paid a fixed salary and may be granted other allowances, based on their positions. In addition, discretionary bonuses may also be awarded to employees based on the employee's performance. The Group conduct regular performance appraisals to ensure that the employees receive feedback on their performance.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other significant event after 31 December 2025 and up to the date of this annual report.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yang Liqun (楊立群) ("**Mr. Yang**"), aged 56, is the chairman of the Board and executive Director. He was appointed as a Director on 30 June 2020 and was appointed as the chairman of the Board and re-designated as an executive Director of the Company on 25 May 2021. Mr. Yang is responsible for supervising overall operations, management, strategic planning and business development.

Mr. Yang joined the Group in January 2011 as the chairman of the board of directors and general manager of Shandong Runhua Property Management Co., Ltd.* (山東潤華物業管理有限公司) ("**Shandong Runhua**"). Mr. Yang has more than 13 years of experience in property services and property management industry. Prior to joining the Group, Mr. Yang served as a clerk of the Economic and Trade Department of Shandong Province Automotive Sales (Group) Co., Ltd.* (山東省汽車銷售(集團)股份有限公司) (currently known as Runhua Group Stock-Holding Co., Ltd.* (潤華集團股份有限公司) ("**Runhua Group Company**")), a company principally engaged in the sales of automobiles and provision of automobiles consulting services, from August 1992 to December 1996. Since August 1992, he has been holding various positions in the Controlling Shareholders' Group Companies. From December 1996 to December 1997, Mr. Yang worked at Shandong Xinya Chemical Industry Co., Ltd.* (山東欣亞化工實業有限公司), a company which scope of business includes sales and production of adhesives and related raw materials. From December 1997 to December 1998, he served as a manager of Runhua Group Shandong Qingling Automobile Sales Company* (潤華集團山東慶鈴汽車銷售有限公司), a company which scope of business includes sales of automobiles. From January 1999 to December 2001, Mr. Yang served as the station director of the Third Station of Runhua Group Shandong Automobile Repairing Co., Ltd.* (潤華集團山東汽車修理有限公司三站), a company which scope of business includes repair, maintenance and sales of automobiles. From December 1998 to December 2003, Mr. Yang served as the deputy general manager of Runhua Group Shandong Automobile Repairing Co., Ltd.* (潤華集團山東汽車修理有限公司), a company which scope of business includes repair, maintenance and sales of automobiles. From December 2003 to December 2009, Mr. Yang served as the general manager of Weifang Runhua Automobile Sales & Service Co., Ltd.* (濰坊潤華汽車銷售服務有限公司), a company which scope of business includes sales of automobiles, motorcycles and their accessories, where he was responsible for the overall operation management. From December 2009 to December 2010, Mr. Yang served as the general manager of Shandong Runhua Automobile Repairing Investment Co. Ltd.* (山東潤華汽車維修投資有限公司), a company which scope of business includes maintenance of automobiles and sales of car equipment, where he was responsible for the overall operation management. Mr. Yang served as a manger of Shandong Runhua from January 2011 to September 2015. Since September 2015, Mr. Yang has been serving as a director of Runhua Group Company to provide guidance for its overall development. He has also been appointed as a director of Shandong Diping Real Estate Co., Limited* (山東地平置業有限公司) since September 2015, a company principally engaged in property development where he was responsible for providing guidance and advice to the board of directors of the company.

Mr. Yang received his bachelor's degree in Applied Chemistry from Shandong University in the PRC in July 1992. He obtained an engineer qualification issued by Ministry of Personnel in September 1997.

Mr. Fei Zhongli (費忠利) ("**Mr. Fei**"), aged 53, is the chief executive officer and executive Director. He was appointed as a Director on 30 June 2020 and was appointed as the chief executive officer and re-designated as an executive Director of the Company on 25 May 2021. Mr. Fei is responsible for supervising overall operations, management, strategic planning and business development.

Mr. Fei joined the Group in January 2011 as the chief financial officer. Mr. Fei has more than 10 years of extensive experience in property services and property management industry. Prior to joining the Group, Mr. Fei served as a division director of Runhua Group Company from July 1993 to December 2000. From January 2001 to December 2003, Mr. Fei served as the chief financial officer of Shandong Runhua Pharmaceutical Co. Ltd.* (山東潤華藥業有限公司), a company which scope of business includes the research and development of biotechnology. From January 2004 to December 2006, Mr. Fei served as the deputy general manager of the finance department of Runhua Group Company. From January 2007 to December 2010, Mr. Fei served as the chief financial officer of Weifang Runhua Automobile Sales Co., Ltd.* (濰坊潤華汽車銷售有限公司), a company which scope of business includes sales of automobiles, motorcycles and their accessories, where he was responsible for supervising the financial management of the Company. Since January 2020, Mr. Fei has been serving as the chairman of the Board of Tianjin Tianfu Property Management Co., Ltd.* (天津天孚物業管理有限公司) which is considered a material joint venture of the Group and is a strategic partner of the Group engaged in property management services in Tianjin.

Mr. Fei received his associate degree in accounting from Shandong University of Finance (currently known as Shandong University of Finance and Economics) in the PRC in July 1993. He obtained an intermediate qualification certificate in accounting issued by Ministry of Finance in October 2001.

NON-EXECUTIVE DIRECTORS

Mr. Luan Tao (欒濤) ("**Mr. Luan**"), aged 72, is the non-executive Director. He was appointed as a Director on 26 October 2020 and was re-designated as a non-executive Director of the Company on 25 May 2021. Mr. Luan is responsible for providing professional advice and judgement to the Board.

Mr. Luan has taken up an advisory role in Shandong Runhua by becoming one of the shareholders of Shandong Runhua since July 2015. Mr. Luan has more than 20 years of experience in business management. Prior to joining the Group, From July 1988 to July 1993, Mr. Luan served in various roles of Shandong Automobile Sales Company* (山東省汽車銷售公司) (currently known as Runhua Group Company), and the last positions of Mr. Luan were the deputy chairman of the Board and deputy general manager. Since July 1993, Mr. Luan has been serving Runhua Group Company as the current chairman of the board. Mr. Luan was awarded the Dezhou Ambassador of Talent Introduction (德州市引才大使) by Dezhou Municipal Committee of the Communist Party of China and Dezhou Municipal People's Government in October 2018. He was also awarded the "Outstanding Figures of Automobile Distribution Service Industry for Commemorating the 40th Anniversary of China's Reform and Opening Up" (紀念改革開放40週年中國汽車經銷服務行業傑出人物) by China AUTO Dealers under Chamber of Commerce (中華工商業聯合會汽車經銷商商會) in December 2018.

Mr. Luan graduated from Dezhou Normal College (德州師範專科學院) in the PRC in July 1987. Mr. Luan is the father of Mr. Luan Hangqian and the spouse of Ms. Liang Yuefeng. He is also one of the Controlling Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Luan Hangqian (欒航乾) ("**Mr. HQ Luan**"), aged 44, is the non-executive Director. He was appointed as a Director on 30 June 2020 and was re-designated as a non-executive Director of the Company on 25 May 2021, Mr. HQ Luan is responsible for providing professional advice and judgement to the Board.

Mr. HQ Luan has taken up an advisory role in Shandong Runhua by becoming one of the shareholders of Shandong Runhua since October 2016. Mr. HQ Luan has more than 10 years of experience in business management. Prior to joining the Group, Mr. HQ Luan joined Runhua Group Company since August 2007 and he has been currently serving as vice president. Since December 2013, Mr. HQ Luan has been serving as the chairman of the board of Runhua Automobile Holdings Ltd.* (潤華汽車控股有限公司), a company which scope of business includes information consulting service and finance consulting, where he is responsible for formulating overall operations and management of the company. Since May 2016, Mr. HQ Luan has been serving as a director of Shandong Runhua Insurance Agency Company Limited* (山東潤華保險代理股份有限公司)("**Runhua Insurance**"), a company listed on the NEEQ and is principally engaged in sales agents insurance.

Mr. HQ Luan received his bachelor's degree in finance from Shanghai Fudan University in the PRC in July 2004 and he subsequently received his master's degree in economics from Shandong University in the PRC in June 2007. Mr. HQ Luan is the son of Mr. Luan Tao and Ms. Liang Yuefeng. He is also one of the Controlling Shareholders.

Mr. Cheng Xin (程欣) ("**Mr. Cheng**"), aged 54, is the non-executive Director. He was appointed as a Director on 30 June 2020 and was re-designated as a non-executive Director of the Company on 25 May 2021. Mr. Cheng is responsible for providing professional advice and judgement to the Board.

Mr. Cheng joined the Group in September 2015 as the director of Shandong Runhua. Mr. Cheng has more than 20 years of experience in human resources and administrative management. Mr. Cheng has been serving in various roles of Runhua Group Company since March 1997, and successively served as manager of the export department, deputy chief of the secretary division of the president office, director of the general manager's office, director of the board office, manager of the human resources department and director of human resource and he currently serves as vice president. Since May 2016, Mr. Cheng has been serving as a director of Runhua Insurance.

Mr. Cheng received his bachelor's degree in international economy from Renmin University of China in the PRC in July 1994 and he subsequently received his master's degree in management from Shandong University in the PRC in December 2006. Mr. Cheng obtained level 1 enterprise human resources professional qualification issued by the Ministry of Human Resources and Social Security in August 2010. Mr. Cheng also obtained the senior economist qualification issued by Shandong Provincial Economic Vocational Qualification Senior Evaluation Committee (山東省經濟職業資格高級評估委員會) in December 2003.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Wang Yushuang (王玉霜) ("**Ms. Wang**"), aged 53, is the independent non-executive Director. She was appointed as an independent non-executive Director on 15 July 2024. Ms. Wang is responsible for supervising and offering independent judgment to the Board.

Ms. Wang has extensive experience in the audit market. From September 1993 to July 2001, she served as the accounting supervisor in China Jinan Laundry Factory (中國濟南洗衣廠). From July 2001 to September 2005, she served as the finance manager in Shandong Construction Investment Co., Ltd (山東建設投資有限公司). From September 2005 to January 2011, she served as the project manager in the Shandong Branch of Guofu Haohua Certified Public Accountants (國富浩華會計師事務所山東分所). From January 2011 to January 2017, she served as the project manager in the Hexin Certified Public Accountants (Special General Partnership) (和信會計師事務所(特殊普通合夥)). From January 2017 to December 2022, she served as the project manager in Jinan Branch of Zhonghui Certified Public Accountants (Special General Partnership) (中匯會計師事務所(特殊普通合夥)濟南分所). Since December 2022, she serves as the general manager in Shandong Branch of Beijing Xinghua Certified Public Accountants (Special General Partnership) (北京興華會計師事務所(特殊普通合夥)山東分所).

Ms. Wang graduated from University of Science and Technology of Shandong in the PRC with a major in electrical engineering in 1993. She is a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Ms. Bao Ying (鮑穎) ("**Ms. Bao**"), aged 66, is the independent non-executive Director. She was appointed as an independent non-executive Director on 30 December 2022. Ms. Bao is responsible for supervising and offering independent judgment to the Board.

Ms. Bao has many years of medical experience. From 2000 to 2005, Ms. Bao served as the director of electrocardiogram room of Shandong Carbon Mine Taishan Nursing Home (山東省煤碳泰山療養院). From December 2005 to June 2018, Ms. Bao successively served as the deputy physician and chief physician of Internal Medicine Department of Tai'an Central Hospital (泰安市中心醫院).

Ms. Bao received her bachelor's degree in clinical medicine from Shandong First Medical University (Shandong Academy of Medical Sciences) (formerly known as Taishan Medical School*) in the PRC in July 2011. She obtained an attending physician qualification issued by the Ministry of Human Resources and Social Security in Shandong Province in August 2015.

DIRECTORS AND SENIOR MANAGEMENT

Ms. He Murong (何慕蓉) ("**Ms. He**"), aged 36, is the independent non-executive Director. She was appointed as an independent non-executive Director on 30 December 2022. Ms. He is responsible for supervising and offering independent judgment to the Board.

Ms. He has over 10 years of experience in human resources and administrative management. From June 2012 to December 2014, Ms. He served as the assistant to the chairman of the board of directors of Guangzhou Honghai Human Resources Group Co., Ltd* (廣州紅海人力資源集團股份有限公司), where she was responsible for, amongst others, assisting the chairman of the board of directors in supervising the arrangement, inspection and implementation of the work of the company. Since January 2015, Ms. He has been serving as the chief operating officer of Guangzhou Redsea Cloud Computing Co., Ltd. (廣州紅海雲計算股份有限公司) (NEEQ: 873049), a company which is principally engaged in provision of software products and software service, where she is responsible for overseeing the day-to-day administrative and operational functions of the company.

Ms. He received her bachelor's degree in business management from Hunan University (湖南大學) in the PRC in July 2020. She obtained level 1 enterprise human resources professional qualification issued by the Ministry of Human Resources and Social Security in December 2014.

SENIOR MANAGEMENT

Mr. Zhang Yuqiang (張玉強), aged 48, is the deputy general manager. He served as a manager of Shandong Runhua Marketing Department in April 2011, and was then promoted to the deputy general manager of Shandong Runhua in March 2017. He also has been serving as the executive director of Jinan Runwu Landscape since December 2018. Mr. Zhang Yuqiang is responsible for overseeing the marketing department and rail transit business of the Group.

Prior to joining the Group, Mr. Zhang Yuqiang served as an administration specialist of Runhua Group Company from April 2008 to March 2011.

Mr. Zhang Yuqiang graduated from China University of Petroleum (UPC) in the PRC in July 2019 with a major in civil engineering by way of online learning.

Mr. Li Yi (李毅), aged 49, is the deputy general manager. He joined the Group in October 2002 and served as the security supervisor of Shandong Runhua. He also has been serving as the executive director of Shandong Shanyou and Jinan Runwu Construction since November 2017 and December 2018. Mr. Li Yi is responsible for overseeing the daily business operations and assisting in overall management of the Group.

Mr. Li Yi graduated from Yantai University in the PRC with a major in business management in January 2008. He is also an accredited property manager by the Ministry of Housing and Urban-Rural Development since December 2012.

Ms. Li Yanyan (李豔豔), aged 45, is the deputy general manager. She joined the Group in July 2001 and she served in various roles in Shandong Runhua, including an assistant from July 2001 to October 2002, a project manager from October 2002 to December 2006, an assistant to the general manager from January 2007 to December 2007, secretary to the board of directors of Shandong Runhua from September 2015 to August 2019 and deputy general manager since January 2008. Ms. Li Yanyan is responsible for overseeing the daily business operations and assisting in overall management of the Group.

Ms. Li Yanyan graduated from Shandong University of Finance (currently known as Shandong University of Finance and Economics) in the PRC with a major in property management and construction cost management in July 2001. She is also a certified property manager recognised by the Ministry of Housing and Urban-Rural Development since December 2011.

Ms. Chen Jie (陳杰), aged 48, is the deputy general manager. She joined the Group in July 2001 and she served in various roles in Shandong Runhua, including an assistant from July 2001 to December 2002, a manager of the development department from January 2003 to December 2003, a project manager from January 2004 to December 2005, a manager of the development department from January 2006 to March 2008 and a deputy general manager since April 2008. Ms. Chen Jie is responsible for assisting the general manager to promote overall operation management of the Group.

Ms. Chen Jie received his bachelor's degree in real estate operation and management from Shandong Institute of Architecture & Engineering (currently known as Shandong Jianzhu University) in the PRC in July 2001. She obtained the intermediate economist (business management) qualification issued by the Ministry of Human Resources and Social Security in February 2012 and she is also a certified property manager recognised by the Ministry of Housing and Urban-Rural Development since June 2014.

Ms. Fu Lili (傅麗莉), aged 47, is the chief financial officer since April 2020. She joined the Group in April 2020 as chief financial officer of Shandong Runhua. Ms. Fu Lili is responsible for overseeing the financial and taxation affairs of the Group.

Prior to joining the Group, Ms. Fu Lili served as a manager of the finance department of Runhua Automobile Holdings Ltd* (潤華汽車控股有限公司) from June 2008 to October 2009. From November 2009 to November 2010, Ms. Fu Lili served as a listing manager of Runhua Group Company. From December 2010 to December 2015, Ms. Fu Lili served as a senior financial manager of Runhua Group Company, where she is responsible for reviewing the financial data of the company. From January 2016 to December 2017, Ms. Fu Lili served as a chief financial officer of Shandong Runhua Pharmaceutical Company Limited* (山東潤華藥業有限公司). From January 2018 to December 2020, Ms. Fu Lili served as the deputy general manager of the finance department of Runhua Group Company.

Ms. Fu Lili graduated from the Party School of Shandong Provincial Committee (山東省委黨校) in the PRC with a major in financial management in December 2009. She obtained her senior accountant qualification from the Ministry of Human Resources and Social Security of Jinan (濟南市人社局) in June 2019.

Mr. Ma Xun (馬迅), aged 50, is the secretary to the Board since October 2020. He joined the Group in October 2020. Mr. Ma Xun is responsible for the daily work of the Board, information disclosure and investor relations management of the Group.

Prior to joining the Group, Mr. Ma Xun served as the chief financial officer of Qingdao Runhua Automobile Sales Service Co., Ltd.* (青島潤華汽車銷售服務有限公司), a company which scope of business includes motor vehicle repair and maintenance, where he was responsible for the financial planning of the company, from March 2006 to March 2010. From March 2010 to May 2016, Mr. Ma Xun served as the deputy general manager of the finance department of Runhua Group Company. From May 2016 to October 2020, Mr. Ma Xun served as the deputy general manager and secretary to the board of Runhua Insurance.

Mr. Ma Xun received his bachelor's degree in management from Shandong University in the PRC in October 2000 and master's degree in project management engineering from Shandong University in June 2014. He obtained the qualification certificate of secretary to the board of directors issued by the Shenzhen Stock Exchange in August 2016 and the qualification certificate of Secretary to the board of directors issued by NEEQ in November 2017. He also obtained the senior economist qualification issued by the Ministry of Human Resources and Social Security of Jinan in June 2019.

DIRECTORS' REPORT

The Board is pleased to announce the annual report for the year ended 31 December 2025 (the "**Annual Report**") and the audited consolidated financial statements of the Group.

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 30 June 2020. The shares of the Company were listed on the Main Board of the Stock Exchange on 17 January 2023.

PRINCIPAL BUSINESS

The Company is an investment holding company. The Group and its subsidiaries are principally engaged in provision of property management services in the PRC. An analysis of the Group's principal business for the Reporting Period is set out in note 1 to the consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has identified the following principal risks and uncertainties, which may have a material and adverse impact on the Group's business performance, financial condition, results of operations or prospects. There may be other principal risks and uncertainties in addition to those set out below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Any failure of the provision of the Group's property management services to hospitals and public properties may weaken the Group's competitiveness and profitability.

It will be difficult for the Group to further penetrate into the remaining Class III Grade A Hospitals in Shandong Province and expand the Group's business to lower-grade hospitals market.

The Group may not be able to procure new property management agreements as planned.

Termination or non-renewal of the Group's property management agreements could materially and adversely affect the Group's business, financial position and results of operations.

Any failure to accurately estimate the Group's operating costs in connection with the Group's performance of property management services could lead to cost overruns or even result in losses.

The Group's operations are based in Shandong Province, and the Group is susceptible to trends and developments in this region.

The Group relies on stable labour supply to carry out the Group's works and may experience fluctuations in the Group's labour and subcontracting costs and restrictions in the supply of labour in the PRC.

The Company believes that risk management is essential to the Group's effective and efficient operations, reliable financial reporting and regulatory compliance. Senior management team of the Company assists the Board in evaluating material risk exposure of the Group, participates in formulation of appropriate risk management and internal control measures, and ensures such measures are properly implemented during the Group's daily operations. However, investors are still advised to make their own judgment or consult their own investment advisers before making any investment in the Shares.

DIRECTORS' REPORT

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statements profit or loss on page 92 of this report.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities. Any Shareholder who is in any doubt as to the tax implications arising from the purchase, holding, sale or trading of shares or the exercise of any rights in respect of the shares of the Company should seek expert advice.

DIVIDEND POLICY

The declaration of dividends is subject to the discretion of the Board. The Directors may recommend a payment of dividends in the future after taking into account the future operations and earnings, business development, capital requirements and surplus, general financial conditions, contractual restrictions and such other actors as the Directors consider appropriate. Any declaration and payment as well as the amount of the dividends will be subject to the constitutional documents of the Company and the Cayman Companies Act. No dividend shall be declared or paid except out of the Company's distributable profit and lawfully available for distribution under the Cayman Companies Act.

As at the date of this report, there is no arrangement under which a Shareholder has waived or agreed to waive any dividend (including future dividends).

BUSINESS REVIEW

Detailed business review and future development are set out in the section headed "Management Discussion and Analysis" of this report from pages 7 to 15 and "Chairman's Statement" in this report from pages 5 to 6.

ENVIRONMENT POLICY AND PERFORMANCE

The "Environmental, Social and Governance Report for the year ended 31 December 2025" (the "**ESG Report**") is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**Guide**") in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and satisfies the mandatory disclosure requirements and "comply or explain" provisions. The ESG Report follows the four reporting principles, namely Materiality, Quantitative, Balance and Consistency as stipulated in the Guide. The ESG Report is set out on pages 59 to 86 of this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company strictly complied with the following laws and regulation which may have a significant impact on its operation: (a) the laws and regulations relating to property management services: the laws, regulations and policies relating to qualification of property management service company, appointment, fees, outsourcing and long-term rental apartment business and hotel business; (b) other significant laws and regulations of the PRC affecting the Group's business: the laws and regulations relating to foreign investment, foreign exchange, labour and social security, social insurance and housing fund, taxation, intellectual property, environment protection and fire control.

During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH STAKEHOLDERS

Stakeholder relationships are crucial in any organization, as they impact the overall success and sustainability of the business. Stakeholders, whether they are customers, employees, suppliers or Shareholders, all play a pivotal role in shaping the future of a company.

Customers are the key stakeholder group. They are the lifeblood of any business, as they provide revenue through purchases and recommendations. Building strong relationships with customers requires a focus on meeting their needs and exceeding their expectations. This can be achieved through excellent service quality and regular engagement to understand their feedback and preferences.

Employees are also critical stakeholders. They are the ones who bring the Company's vision and strategy to life, executing day-to-day operations and driving innovation. A positive work environment, fair compensation, and opportunities for growth and development are essential for maintaining employee engagement and loyalty.

Suppliers play a vital role in ensuring the smooth running of operations. Establishing reliable and trustworthy relationships with suppliers is essential to maximize efficiency.

The Group recognizes the importance to protect the interests of Shareholders and the importance of having an effective communication with them. The Group believes communication with the Shareholders is a two-way process and has thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback it receives from the Shareholders.

In summary, stakeholder relationships are fundamental to the success of any organization. By fostering positive relationships with customers, employees, suppliers, Shareholders, businesses can create a strong foundation for long-term growth and success.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on page 4 of this report. This summary does not form part of the audited consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the transaction value of the Group's five largest customers accounted for 19.82% (2024: 11.22%) of the Group's total revenue, and the transaction value of the largest customer accounted for 5.74% (2024: 2.57%) of the Group's total revenue.

When calculating the five largest customers for the Reporting Period, the Group aggregated revenue contribution from customers under common control and their subsidiaries, joint ventures and associates.

For the Reporting Period, the transaction value of the Group's five largest suppliers accounted for 26.80% (2024: 36.19%) of the Group's total procurement costs, and the transaction value of the largest supplier accounted for 9.00% (2024: 18.50%) of the Group's total procurement costs.

Save as disclosed above, none of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any beneficial interest in the Group's five largest customers and suppliers.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The net proceeds from the Listing intended to be applied in accordance with the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2022. On 31 December 2025, the Board resolved to change the use of the unutilized net proceeds, details as set out as follow:

				As at 31 December 2025			
Planned use of net proceeds	Planned allocation of net proceeds HK$ million (approximately)	Unutilized amount up to 31 December 2024 HK$ million (approximately)	Utilized amount during the Reporting Period HK$ million (approximately)	Utilized amount HK$ million (approximately)	Unutilized amount before the change of use HK$ million (approximately)	Unutilized amount after the change of use HK$ million (approximately)	Updated expected timeline for full utilisation of the balance
Making strategic investments and acquisitions to expand the property management business	48.8	48.8	–	–	48.8	–	–
Exploring potential investment opportunities, including strategic cooperation, acquisitions, increasing the capital of the subsidiaries, and establishing new subsidiaries for the purpose of expanding the Company's business scope and scale	N/A	N/A	–	–	N/A	20.0	By the end of 2028
Developing, strengthening and implementing the information technologies	25.2	16.0	4.3	13.5	11.7	15.0	By the end of 2028
Improving staff motivation mechanism to attract, cultivate and retain talents	15.9	6.7	2.7	11.9	4.0	16.0	By the end of 2028
Expanding business in different regions	N/A	N/A	–	–	N/A	13.5	By the end of 2028
	89.9	71.5	7.0	25.4	64.5	64.5	

The Board will continuously assess the plan for the use of the unutilised net proceeds and may revise or amend such plan where necessary to cope with the changing market conditions and strive for better business performance of the Group. For further details, please refer to the announcements of the Company dated 31 December 2025 and 21 January 2026.

SHARE CAPITAL

Details of the movements in the share capital of the Company for the Reporting Period are set out in note 28 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

There were no equity-linked agreements entered into or outstanding at year-end by the Company or any of its subsidiaries for the Reporting Period.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Reporting Period are set out in the consolidated statement of changes in equity on pages 95 and 96 of this report.

ISSUANCE OF BONDS

The Company or any of its subsidiaries did not issue any bonds during the Reporting Period.

DONATIONS

During the Reporting Period, no charitable and other donation made by the Group (2024: Nil).

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2025 are set out in note 14 to the consolidated financial statements of this report.

RESERVES AVAILABLE FOR DISTRIBUTION

As at 31 December 2025, the Company had no reserve available for distribution to shareholders (2024: Nil).

BANK LOANS

During the Reporting Period, save as the bank loans and other borrowings as disclosed in note 27 to the consolidated financial statements, the Group did not have any bank loans.

DIRECTORS

During the Reporting Period and up to the date of this report, the Directors were as follows:

Executive Directors

Mr. Yang Liqun *(Chairman of the Board)*
Mr. Fei Zhongli *(Chief Executive Officer)*

Non-executive Directors

Mr. Luan Tao
Mr. Luan Hangqian
Mr. Cheng Xin

Independent Non-Executive Directors

Ms. Bao Ying
Ms. He Murong
Ms. Wang Yushuang

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" in this report.

In accordance with article 16.18 of the articles of association of the Company (the "**Articles of Association**"), one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Further, article 16.2 of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at that meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall than be eligible for re-election.

In accordance with the Articles of Association, Mr. Yang Liqun, Mr. Cheng Xin and Ms. He Murong will retire and, being eligible, offer themselves for re-election at the forthcoming AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to be published on the websites of the Stock Exchange and the Company on or around 29 April 2026.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmation of independence from each of the independent non-executive Directors pursuant to the factors as set out in Rule 3.13 of the Listing Rules. The Company is of the opinion that they are independent during the Reporting Period and up to the date of this report.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which may be terminated by either the relevant executive Director or the Company by giving not less than three months' notice in writing to the other party. The appointment of executive Directors is subject to the retirement and rotation requirements of the Directors under the Articles of Association.

Each of the non-executive Directors and independent non-executive Directors, except Ms. Wang Yushuang, has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date. Ms. Wang Yushuang has entered into a letter of appointment with the Company for an initial term of three years commencing from 15 July 2024. Pursuant to their respective letters of appointment, each of the independent non-executive Directors is entitled to receive a fixed director's fee and the non-executive Directors are not entitled to receive any remuneration. Such appointment is subject to the retirement and re-election by rotation requirements under the Articles of Association and the applicable Listing Rules.

None of the Directors nominated for re-election at the forthcoming AGM of the Company has entered into a service contract or letter of appointment with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors, the management, shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKING

Each of the controlling shareholders of the Group, namely Skywind Investment Limited, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng (the "**New Controlling Shareholders**"), has entered into a deed of non-competition dated 14 October 2024 (the "**New Undertakings**"). The New Controlling Shareholders have confirmed to the Company that, since 14 October 2024 and up to the date of this report, they have complied with the New Undertakings. The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by each of the New Controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from all of them regarding the New Undertakings; (ii) there was no competing business reported by them; and (iii) there was no particular situation rendering the full compliance of the New Undertakings being questionable, the independent non-executive Directors are of the view that the New Undertakings have been complied with and been enforced by the Company in accordance with the terms.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this report.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in this report, as at 31 December 2025 or at any time during the Reporting Period, none of the Company or any of its subsidiaries is a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The remuneration of the Directors is paid in the form of salaries, allowances, benefits in kind, pension scheme contributions and share-based payments.

The Company has established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules (with effect from the Listing Date) and with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management, to establish a formal and transparent procedure for developing policy to review the terms of incentive schemes and directors' service contracts, and to recommend the remuneration packages for all Directors and senior management.

The Directors and the senior management members are eligible participants of the Post-IPO Share Option Scheme and Pre-IPO RSU Scheme.

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the Reporting Period are set out in note 9 and note 10 to the consolidated financial statements of the Group in this report. None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the Reporting Period.

RETIREMENT BENEFITS SCHEME

The Group does not have any employee who is required to participate in mandatory provident fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. The forfeited contributions may not be used by the Group to reduce the existing level of contributions.

PERMITTED INDEMNITY PROVISION

Each Director is entitled to be indemnified by the Company against all losses or liabilities which he/she may sustain or incur in carrying out his/her functions. The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors arising out of corporate activities.

SHARE INCENTIVE SCHEMES

(i) Post-IPO Share Option Scheme

The Company adopted a share option scheme through written shareholders' resolution on 14 December 2022 (the "**Post-IPO Share Option Scheme**"). The Post-IPO Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date on which the Post-IPO Share Option Scheme is adopted and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless being terminated earlier by the Shareholders in general meeting. Accordingly, as at 30 March 2026, the remaining life of the Post-IPO Share Option Scheme is approximately six years and nine months.

Purpose

The purpose of the Post-IPO Share Option Scheme is to provide an incentive or reward for the grantees for their contribution or potential contribution to the Group.

Selected Participants

The Directors (which expression shall, for the purpose of this paragraph, include the Board or a duly authorised committee thereof) may, at their absolute discretion, invite (i) any director and employee of any member of the Group; and (ii) any director or employee of any of the holding companies, fellow subsidiaries or associated companies of the Company (the "**Participant**"), who the Board considers, in its sole discretion, have contributed or will contribute to the development and growth of the Group, to take up options to subscribe for Shares.

Maximum Number of the Shares

The maximum number of Shares in respect of which options and awards may be granted under the Post-IPO Share Option Scheme and any other schemes of the Company shall not in aggregate exceed the number of Shares that shall represent 10% of the total number of Shares in issue immediately upon completion of the Global Offering and the capitalisation issue, which is 30,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of this report.

Maximum Entitlement of a Participant

Where any further grant of options to a Participant, if exercised in full, would result in the total number of Shares already issued or to be issued upon exercise of all options or awards granted and to be granted to such Participant (including exercised, cancelled and outstanding options) in any twelve (12) month period up to and including the date of such further grant exceed 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his close associates (or associates if the Grantee is a connected person) abstaining from voting.

Exercise price

The price per Share at which a Participant may subscribe for Shares upon exercise of an option (the "**Exercise Price**") shall be determined by the Board in its sole discretion but in any event shall be at least the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the date of the offer of grant, which must be a business day;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer of grant; and

(iii) the nominal value of a Share; provided that for the purpose of determining the Exercise Price under sub-paragraph (ii) above where the Shares have been listed on the Stock Exchange for less than five Business Days preceding the date on which the option is offered to the Participant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each Business Day falling within the period before the listing of the Shares on the Stock Exchange.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

Time of vesting and exercise of options

An offer made to a participant shall remain open for acceptance by such participant for a period of five business days from the offer date (inclusive of the offer date). Any offer must be accepted in its entirety and can under no circumstances be accepted of less than the number of Shares for which it is offered.

An option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date on which an option is offered to a participant, subject to the provisions for early termination under the Post-IPO Share Option Scheme. In any event, the minimum period for which an option must be held before it can be exercised shall be 12 months.

Grant of Options

An offer shall be made to an Eligible Participant by an offer document in such form as the Board may from time to time determine (the "**Offer Document**"), requiring the participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Post-IPO Share Option Scheme.

An option shall be deemed to have been granted to (subject to certain restrictions in the Post-IPO Share Option Scheme), and accepted by, the Participant and to have taken effect upon the issue of an option certificate after the duplicate Offer Document comprising acceptance of the option duly signed by the Participant, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant of the option is received by the Company on or before the last day for acceptance set out in the Offer Document. The remittance is not in any circumstances refundable and shall be deemed as part payment of the Exercise Price. Once accepted, the option is granted as from the date on which it was offered to the Grantee.

No Options Granted under the Post-IPO Share Option Scheme

Between the Listing Date and up to the date of this report, no share options had been granted, exercised, cancelled or lapsed pursuant to the Post-IPO Share Option Scheme since its adoption and there is no outstanding share option under the Post-IPO Share Option Scheme. As at 31 December 2025, the number of options available for grant under the Post-IPO Share Option Scheme were 30,000,000.

For details of the Post-IPO Share Option Scheme, please refer to the section headed "Statutory and General Information – D. Share Incentive Scheme – I. Post-IPO Share Option Scheme" in the Appendix V to the Prospectus.

(ii) Pre-IPO RSU Scheme

The Group adopted the pre-IPO restricted share unit scheme (the "**Pre-IPO RSU Scheme**") on 14 December 2022 to incentivise employees and officers. The Company has appointed Tricor Trust (Hong Kong) Limited as the RSU Trustee (the "**RSU Trustee**") to assist with the administration and vesting of restricted share units ("**RSU**") granted pursuant to the RSU Scheme. The Company selects the RSU participants under the Pre-IPO RSU Scheme at its discretion before the Listing. The maximum aggregate number of underlying shares which may be granted under the scheme shall not exceed 5,569,306 shares (representing 1.86% of the total number of shares in issue as at the date of this report).

The Pre-IPO RSU Scheme shall be each valid and effective for a term of ten years commencing on the adoption date, being 14 December 2022. The vesting period for an award of RSUs shall be the fifth anniversary year after the grant of award of RSUs, or any other time as determined by the Board or an advisory committee appointed by the Board (the "**Advisory Committee**"). The vesting price shall be HK$1.5 per awarded Share. The Board or the Advisory Committee shall have the right to adjust the vesting price from time to time.

The following table shows the details of the RSUs granted by the Company under the Pre-IPO RSU Scheme on an individual basis as at 1 January 2025:

Name	Position held within the Group	Number of underlying Shares represented by the RSUs	Date of grant	Approximate percentage shareholding as at the date of this report	Vesting period
Cui Yongsheng (崔永生)	Officer for the office of the board of directors of Shandong Runhua	1,113,862	20 December 2022	0.37%	5 years from the date of grant
Yu Xue (于雪)	General manager of finance department of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant
Li Zhigang (李智剛)	Head of human resources department of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant
Yu Sumin (于蘇敏)	Head of quality assurance department of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant
Wang Yating (王雅婷)	Deputy general manager and head of operation and risk control management centre of Shandong Runhua	1,113,861	20 December 2022	0.37%	5 years from the date of grant

None of the grantees of the RSUs under Pre-IPO RSU Scheme are Directors, members of the senior management of the Company or otherwise core connected person of the Company.

During the Reporting Period, the abovementioned RSUs in respect of 5,569,306 underlying shares in total have lapsed. The RSU Trustee sold the underlying shares in the secondary market as instructed by the Company.

For details of the Pre-IPO RSU Scheme, please refer to the section headed "Statutory and General Information – D. Share Incentive Scheme – II. Pre-IPO RSU Scheme" in the Appendix V to the Prospectus.

During the Reporting Period, no Share may be issued in respect of options and RSUs granted under the Post-IPO Share Option Scheme and the Pre-IPO RSU Scheme. Accordingly, the number of shares that may be issued in respect of the options and awards granted under the Post-IPO Share Option Scheme and the Pre-IPO RSU Scheme during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is nil.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and the chief executives 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**")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix C3 under the Listing Rules, are set out below:

Director	Nature of interests(1)	Number of issued Shares held	Percentage of interest
Mr. Luan Tao(2)	Interest held jointly with another person	164,706,700	54.90%
Mr. Luan Hangqian(2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	164,706,700	54.90%
Mr. Yang Liqun(3)	Interest in a controlled corporation	9,467,821	3.16%
Mr. Fei Zhongli(4)	Interest in a controlled corporation	2,896,039	0.97%
Mr. Cheng Xin(5)	Interest in a controlled corporation	5,569,306	1.86%

Notes:

1. All the interests disclosed above represent long positions in the Shares.

2. On 14 October 2024, Mr. Luan Hangqian informed that the transactions in relation to the establishment of an irrevocable discretionary family trust was completed. In which, Mr. Luan Hangqian is as the settlor for the benefit of Mr. Luan Hangqian, Mr. Luan Tao, Ms. Liang Yuefeng and the other close relatives of Mr. Luan Hangqian.

   As 164,706,700 Shares (representing approximately 54.90% of the total number of the Shares) which were previously owned by Springrain Investment Limited have been transferred to Skywind Investment Limited, Skywind Investment Limited is owned as to 1% by Springrain Investment Limited and 99% by Sailing Investment International Limited while Sailing Investment International Limited is wholly owned by the CMB Wing Lung (Trustee) Limited as trustee of the trust. Mr. Luan Hangqian is also the sole director of Skywind Investment Limited. Mr. Luan Hangqian is deemed to be interested in the 164,706,700 Shares where Skywind Investment Limited is interested in under the SFO.

   Pursuant to the concert parties confirmatory deed dated 18 June 2021, and entered into by Mr. Luan Hangqian, Mr. Luan Tao and Ms. Liang Yuefeng to acknowledge and reaffirm, amongst other things, that they were parties acting in concert in respect of the Company. As such, pursuant to the parties acting in concert arrangement, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng are deemed to be interested in approximately 54.90% of the issued share capital of the Company.

3. Shares in which Mr. Yang Liqun is interested consist of 9,467,821 Shares held by Yangliqun Ltd, a company wholly-owned by Mr. Yang Liqun, in which Mr. Yang Liqun is deemed to be interested under the SFO.

4. Shares in which Mr. Fei Zhongli is interested consist of 2,896,039 Shares held by Feizhongli run heart service Ltd, a company wholly-owned by Mr. Fei Zhongli, in which Mr. Fei Zhongli is deemed to be interested under the SFO.

5. Shares in which Mr. Cheng Xin is interested consist of 5,569,306 Shares held by Chengxin&Susan Ltd, a company wholly-owned by Mr. Cheng Xin, in which Mr. Cheng Xin is deemed to be interested under the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, which (a) were recorded in the register required to be kept by the Company under section 352 of the SFO, or (b) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

So far as is known to the Company, as at 31 December 2025, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name	Nature of interests(1)	Number of issued Shares held	Percentage of interest
Mr. Luan Tao(2)	Interest held jointly with another person	164,706,700	54.90%
Mr. Luan Hangqian(2)	Founder of a discretionary trust who can influence how the trustee exercises his discretion	164,706,700	54.90%
Ms. Liang Yuefeng(2)	Interest held jointly with another person	164,706,700	54.90%
Skywind Investment(2)	Beneficial owner	164,706,700	54.90%
Sailing Investment International Limited(2)	Interest in a controlled corporation	164,706,700	54.90%
CMB Wing Lung (Trustee) Limited(2)	Trustee	164,706,700	54.90%
Jinan Huaiyin Urban Construction Investment Group Co., Ltd.* (濟南槐蔭城市建設投資集團有限公司)(3)	Beneficial owner	25,478,000	8.49%

Notes:

1. All the interests disclosed above represent long positions in the Shares.

2. On 14 October 2024, Mr. Luan Hangqian informed that the transactions in relation to the establishment of an irrevocable discretionary family trust was completed. In which, Mr. Luan Hangqian is as the settlor for the benefit of Mr. Luan Hangqian, Mr. Luan Tao, Ms. Liang Yuefeng and the other close relatives of Mr. Luan Hangqian.

   As 164,706,700 Shares (representing approximately 54.90% of the total number of the Shares) which were previously owned by Springrain Investment Limited have been transferred to Skywind Investment Limited, Skywind Investment Limited is owned as to 1% by Springrain Investment Limited and 99% by Sailing Investment International Limited while Sailing Investment International Limited is wholly owned by the CMB Wing Lung (Trustee) Limited as trustee of the trust. Mr. Luan Hangqian is also the sole director of Skywind Investment Limited. Mr. Luan Hangqian is deemed to be interested in the 164,706,700 Shares where Skywind Investment Limited is interested in under the SFO.

   Pursuant to the concert parties confirmatory deed dated 18 June 2021, and entered into by Mr. Luan Hangqian, Mr. Luan Tao and Ms. Liang Yuefeng to acknowledge and reaffirm, amongst other things, that they were parties acting in concert in respect of the Company. As such, pursuant to the parties acting in concert arrangement, Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng are deemed to be interested in approximately 54.90% of the issued share capital of the Company.

3. Jinan Huaiyin Urban Construction Investment Group Co., Ltd.* (濟南槐蔭城市建設投資集團有限公司) is wholly-owned by Development and Reform Bureau of Huaiyin District, Jinan City* (濟南市槐蔭區發展和改革局).

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

As at 31 December 2025, the Company and its subsidiaries did not hold any treasury shares.

PRE-EMPTIVE RIGHTS

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

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no contracts of significance (i) in relation to the Group's business; or (ii) for provision of services to the Company (or any of its subsidiaries) by a controlling shareholder (or any of its subsidiaries) between the Company (or any of its subsidiaries) and a controlling shareholder (or any of its subsidiaries) subsisted during or at the end of the Reporting Period.

CONTINUING CONNECTED TRANSACTIONS

The Company was listed on the Main Board of the Stock Exchange since 17 January 2023. After the Listing, transactions between members of the Group and the connected persons became connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the Group's continuing connected transactions which are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, the terms of which became effective on the Listing Date, are set out below.

Connected persons

(i) Runhua Group Company is owned as to approximately 54% by Mr. Luan Tao and therefore is an associate of Mr. Luan Tao.

(ii) Hang Qian Holdings is wholly owned by Mr. Luan Hangqian and therefore is an associate of Mr. Luan Hangqian.

(iii) Runhua Insurance is owned by Mr. Luan Tao as to approximately 50.42% and therefore is an associate of Mr. Luan Tao. Runhua Insurance is also owned as to approximately 26.11%, 21.19% and 6.19% by Mr. Luan Hangqian, Jinan Defang Investment Partnership (Limited Liability Partnership) (濟南德方投資合夥企業(有限合夥)) ("**Jinan Defang**") and Jinan Huiduo Business Consulting Partnership (Limited Liability Partnership) (濟南匯鐸商務諮詢合夥企業(有限合夥)) ("**Jinan Huiduo**") respectively. As Mr. Luan Hangqian is the managing partner of Jinan Defang and Jinan Huido and controls more than 30% of the same, Runhua Insurance is therefore also an associate of Mr. Luan Hangqian.

Property Management Services Framework Agreement

On 24 December 2024, the Company entered into the 2024 Property Management Services Framework Agreement (the "**2024 Property Management Services Framework Agreement**") with Runhua Group Company, Hang Qian Holdings and Runhua Insurance to renew the continuing connected transactions on 24 December 2024 (after trading hours) for a term of three financial years ending 31 December 2027. For further information, please refer to the announcement of the Company dated 24 December 2024 and the circular of the Company dated 20 January 2025.

Runhua Group Company, Hang Qian Holdings and Runhua Insurance and their respective associates and the Group has entered into individual agreements that prescribe the specific terms and conditions pertaining to each project. The parties and their respective associates will enter into separate subsidiary agreements setting out the specific terms and conditions (including the fees of the products and/or services and payment methods) in respect of the relevant services based on the principles under the Property Management Services Framework Agreement.

The annual caps of the fees payable to the Group by the Parties to the Property Management Services Framework Agreement and the 2024 Property Management Services Framework Agreement for years ended/ending 31 December 2025, 2026 and 2027 would not exceed RMB39.3 million, RMB43.3 million and RMB47.6 million, respectively.

The annual caps under the different agreements under the Property Management Services Framework Agreement and the corresponding audited actual transaction amount for the Reporting Period were as follow:

	For the year ended 31 December 2025	
	Annual Caps RMB'000	Audited Transaction Amount RMB'000
Property Management Services Framework Agreement	39,346	22,703

In accordance with Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above have been reviewed by the independent non-executive Directors who confirmed that the aforesaid continuing connected transactions were entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) either on normal commercial terms or on terms no less favourable to the Company; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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

SHINEWING (HK) CPA Limited has issued an unqualified letter containing findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor of the Company has provided a letter to the Board containing its findings and conclusions, confirming that:

(i) nothing has come to their attention that causes the auditor to believe that the abovementioned continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iv) with respect to the aggregate amount of each of the abovementioned continuing connected transactions, nothing has come to their attention that causes the auditor to believe that the amounts have exceeded the annual cap set by the Company.

Save as disclosed in this report, for the year ended 31 December 2025, the Company had no connected transactions or continuing connected transactions which were required to be disclosed pursuant to Chapter 14A of the Listing Rules.

PROPERTY INTERESTS AND PROPERTY VALUATION

The Company has valued the property interests of the Group and included such valuation in the Prospectus and those property interests are not stated at valuation (or at subsequent valuation) in the financial statement. The valuation of the property interests of the Group as at 31 October 2022 was RMB120.0 million as included in the Prospectus. Had the property interests been stated at such valuation, the additional depreciation that would be charged against the statement of comprehensive income during the Reporting Period would be approximately RMB1.01 million.

Further, details of the investment properties of the Group are set out in note 15 to the financial statements and as follows:

Location	Existing use	Lease term
Unit 307 on 3/F, whole floors of 5/F and 17/F, Building No. 1–2 Lemeng Center, No. 28988 Jingshi Road, Huaiyin District, Jinan City, Shandong Province, the PRC	Offices	Long term
No. 2, Danfeng Street, Dong Gongshang Helu, Tianqiao District, Jinan City, Shandong Province, the PRC	Offices	Medium term
West of the middle section of Mingbu East Road, Zhangqiu District Development Zone, Jinan City, Shandong Province, the PRC	Factories	Long term
Nos. 113, 114, 115, 219, 220, 305–313, 403–415 and 5–24/F, The Door Of Qilu, Qi Zhou Lu, Huai Yin District, Jinan City, Shandong Province, the PRC	Offices	Long term

AUDITOR

SHINEWING (HK) CPA Limited had been appointed as the new auditor of the Company with effect from 9 January 2024 to fill the casual vacancy following the resignation of EY.

The consolidated financial statements of the Company for the Reporting Period have been audited by SHINEWING (HK) CPA Limited. The Board proposed to re-appoint them as the Company's auditor for the year ending 31 December 2025 and a resolution for their re-appointment as the auditor of the Company will be proposed at the AGM.

Save as disclosed above, the Company did not change its auditor over the past three years.

AUDIT COMMITTEE

The Audit Committee had, together with the Company's management and representative(s) of the external auditors of the Company, SHINEWING (HK) CPA Limited reviewed the annual results and the accounting policies and practices adopted by the Group, and discussed matters in relation to audit, risk management, internal control and financial statements, including reviewing the Group's consolidated financial statements for the Reporting Period.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high level of corporate governance practices. Information about the corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" on pages 41 to 58 in this report.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, save as disclosed above, there is no material legal proceeding or claim which is pending or threatened against the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules and at least 25% of the Company's entire issued share capital were held by the public as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

The Group did not have any other significant event after 31 December 2025 and up to the date of this annual report.

On behalf of the Board

Yang Liqun
Chairman and Executive Director

Hong Kong, 30 March 2026

CORPORATE GOVERNANCE REPORT

The Board of Directors is pleased to present the corporate government report of the Company for the Reporting Period.

CORPORATE GOVERNANCE CULTURE AND VALUE

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity. The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and brings the high quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance and achieving good corporate governance by an effective Board, segregation of duties with clear accountability, sound internal controls and risk management procedures and transparency to Shareholders in order to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules (the "**CG Code**") as the basis of the Company's corporate governance practices. The chairman of the Board takes primary responsibility for ensuring that good corporate governance practices and procedures are established.

In the opinion of the Board, the Company has complied with all applicable code provisions under the CG Code during Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

BOARD OF DIRECTORS

Responsibilities

The Board is responsible to develop and review an issuer's policies and practices on corporate governance and make recommendations to the board; to review and monitor the training and continuous professional development of Directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and internal manual applicable to employees and Directors; to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the Remuneration Committee and the nomination committee (the "**Nomination Committee**", together with the Audit Committee and the Remuneration Committee, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Director's Responsibilities for the Consolidated Financial Statements

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements of the Group are accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the consolidated financial statements of the Group. In preparing the accounts for the Reporting Period, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards;
- the disclosure requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and
- made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

In order to ensure that independent views and input of the independent non-executive Directors are made available to the Board, the Nomination Committee and the Board are committed to assess the Directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

- required character, integrity, expertise, experience and stability to fulfill their roles;
- time commitment and attention to the Company's affairs;
- firm commitment to their independent roles and to the Board;
- declaration of conflict of interest in their roles as independent non-executive directors;
- no involvement in the daily management of the Company nor in any relationship or circumstances which would affect the daily management of the Company;
- the exercise of their independent judgement; and
- the chairman of the Board meets with the independent non-executive directors regularly without the presence of the executive directors.

The Nomination Committee also reviewed the implementation and effectiveness of mechanisms to ensure independent views and input are available to the Board. The Board comprises three independent non-executive Directors out of eight Directors, representing more than one-third of the Board. All independent non-executive Directors have devoted sufficient time to attend the Board meetings and all the committee meetings which he/she is a member and have shared their views and opinions through the meetings. The Chairman also has a private meeting with the independent non-executive Directors without the presence of other Directors to listen the independent views on issues concerning the Group. Upon reasonable request, independent professional advice would be provided to the independent non-executive Directors to assist them to perform their duties to the Company. Taking into account of the above channels, the Nomination Committee considered that the mechanisms remain effective.

All Directors shall ensure that they carry out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

COMPOSITION OF THE BOARD OF DIRECTORS

As at the date of this report, the Board comprised two executive Directors, three non-executive Directors and three independent non-executive Directors as set out below:

Executive Directors

Mr. Yang Liqun *(Chairman of the Board)*
Mr. Fei Zhongli *(Chief Executive Officer)*

Non-executive Directors

Mr. Luan Tao
Mr. Luan Hangqian
Mr. Cheng Xin

Independent Non-Executive Directors

Ms. Bao Ying
Ms. Wang Yushuang
Ms. He Murong

The biographies of the Directors are set out in section headed "Directors and Senior Management" in this report.

The Board composition is regularly reviewed to ensure that it has a balance of skills and experience appropriate for the requirement of the business of the Group. A balanced composition of executive Directors and independent non-executive Directors is maintained to ensure independence and effective management. During the Reporting Period, the Board has, at all times, met the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing one-third of the Board. Each of the independent non-executive Directors has confirmed his/her independence pursuant to the factors as set out in Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

The appointment of Directors is to be recommended by the Remuneration Committee and the Nomination Committee and approved by the Board based on a formal written procedure and policy for the appointment of new Directors. When selecting potential candidates for the Directors, their skills, experience, expertise, devotion of time and non-conflicts of interests are the key factors.

Save as disclosed in this report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Nomination Committee and the Remuneration Committee.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

The Company has also arranged appropriate insurance in respect of potential legal actions against the Directors arising out of corporate activities.

CONTINUOUS PROFESSIONAL DEVELOPMENT

All newly appointed Directors would be provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages continuous professional development training for all the Directors to develop and refresh their knowledge and skills. The company secretary of the Company also update and provide the Directors with written training materials in relation to their roles, functions and duties from time to time.

During the Reporting Period, the Board members participated in the following training programs:

Name of Directors	Type of training Attending training organised by the legal advisers of the Company	 Reading materials updating on new rules and regulations
Executive Directors		
Mr. Yang Liqun *(Chairman of the Board)*	✔	✔
Mr. Fei Zhongli *(Chief Executive Officer)*	✔	✔
Non-executive Directors		
Mr. Luan Tao	✔	✔
Mr. Luan Hangqian	✔	✔
Mr. Cheng Xin	✔	✔
Independent Non-Executive Directors		
Ms. Bao Ying	✔	✔
Ms. He Murong	✔	✔
Ms. Wang Yushuang	✔	✔

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. During the Reporting Period and up to the date of this report, the chairman of the Board is Mr. Yang Liqun, being an executive Director and Mr. Fei Zhongli is the Group's chief executive officer, being an executive Director. The positions of the chairman and chief executive officer are held by separate individuals so as to maintain an effective segregation of duties. Mr. Yang Liqun is mainly responsible for formulating the overall strategic development of the Group, leading the Board and ensuring the effectiveness of the Board when performing his duties as the chairman of the Board. Mr. Fei Zhongli is mainly responsible for the daily operations and management of the Company and the implementation of the Board's decisions, strategies, plans and business targets of the Company.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from the Listing Date. According to the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors. All retiring Directors shall be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board's structure, size and composition, and for making recommendations to the Board on the appointment, re-election and succession planning of Directors.

BOARD MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year. Notices of no less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

The daily operation and management of the business of the Group, among other matters, and the implementation of strategies are delegated to the executive Directors and senior management. They report periodically to the Board on their work and business decisions.

All Directors have been fully consulted about any matters proposed for inclusion in the agenda for regular meetings. The chairman of the Board has delegated the responsibility for drawing up the agenda for each Board meeting to the company secretary of the Company. The chairman of the Board should ensure that all Directors are properly briefed on issues arising at Board meetings and the Board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.

Management has an obligation to supply the Board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. The Board and individual Directors should have separate and independent access to the Company's senior management.

Notices of at least 14 days are given to the Directors for regular meetings, while the Board papers are sent to the Directors not less than three days before the intended date of a Board or Board committee meeting. With respect to other meetings, the Directors are given as much notice as is reasonable and practicable in the circumstances. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Articles. The company secretary of the Company ensures that the procedures and all applicable rules and regulations are complied with. Minutes of the Board meetings and meetings of the Board committees are kept by the company secretary of the Company and are available for inspection at any time on reasonable notice by any Director.

The Directors have full access to information of the Group and are able to obtain independent professional advice whenever they deem necessary. The Directors will be updated with legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties from time to time. The Audit Committee, Nomination Committee and Remuneration Committee are provided with sufficient resources to perform their duties.

The chairman of the Board should encourage all Directors to make a full and active contribution to the Board's affairs and take the lead to ensure that it acts in the best interests of the Company and encourage Directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that Board decisions fairly reflect Board consensus.

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

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

The attendance records of the Directors at the meetings of the Board, the Board Committees and the general meeting during the Reporting Period are set out as follows:

	Attendance/number of meetings held				
Name of Directors	**General Meeting**	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Mr. Yang Liqun	2/2	4/4	–	2/2	2/2
Mr. Fei Zhongli	2/2	4/4	–	–	–
Mr. Luan Tao	2/2	4/4	–	–	–
Mr. Luan Hangqian	2/2	4/4	–	–	–
Mr. Cheng Xin	2/2	4/4	2/2	–	–
Ms. Bao Ying	2/2	4/4	2/2	–	2/2
Ms. He Murong	2/2	4/4	–	2/2	2/2
Ms. Wang Yushuang	2/2	4/4	2/2	2/2	–

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions of the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. The Company has made specific enquiry and each Director confirmed that they have complied with all required standards set out in the Model Code and the Code of Conduct during the Reporting Period.

The Company also requires officers and employees of the Group who, because of such office or employment, is likely to possess inside information in relation to the Company or its securities, be also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company during the Reporting Period and up to the date of this report.

DELEGATION BY THE BOARD

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense. Directors are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

CORPORATE GOVERNANCE FUNCTIONS

During the Reporting Period, the Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this section.

BOARD COMMITTEES

Audit Committee

Up to the date of this report, the Audit Committee comprises three members, namely Ms. Wang Yushuang (independent non-executive Director), Mr. Cheng Xin (non-executive Director) and Ms. Bao Ying (independent non-executive Director). Ms. Wang Yushuang is the chairlady of the Audit Committee, with the appropriate professional qualifications, accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing Auditor, SHINEWING (HK) CPA Limited.

The terms of reference of the Audit Committee are in compliance with the code provision D.3.3 of the CG Code. The main duties of the Audit Committee are to review and supervise the financial reporting system, risk management and internal control systems of the Group, oversee its audit process and perform other duties and responsibilities as assigned by the Board.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two Audit Committee meetings were held for:

- Reviewing the audited annual results and annual report of the Group for the year ended 31 December 2024.
- Reviewing the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, financial reporting and internal audit function.
- Reviewing the continuing connected transactions of the Group.
- Reviewing the risk management and internal control systems of the Group.
- Discussing and making recommendations on the re-appointment of the auditor.
- Reviewing the auditor's independence and terms of engagement for the year ended 31 December 2024.
- Reviewing the Group's interim results and interim report for the six months ended 30 June 2025.

The auditor was invited to attend the Audit Committee meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters at least twice a year. The Audit Committee also met with the Auditor without the presence of management. The Audit Committee is satisfied with the independence and engagement of the auditor. As such, the Audit Committee has recommended the re-appointment of the auditor.

Remuneration Committee

Up to the date of this report, the Remuneration Committee comprises three members, namely Ms. He Murong (independent non-executive Director), Mr. Yang Liqun (executive Director and Chairman of the Board) and Ms. Wang Yushuang (independent non-executive Director). Ms. He Murong is the chairlady of the Remuneration Committee.

The terms of reference of the Remuneration Committee are in compliance with the code provision of E.1.2 of the CG Code. The main duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

The written terms of reference the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two Remuneration Committee meetings were held for:

- Reviewing the Post-IPO Share Option Scheme and Pre-IPO RSU Scheme adopted by the Company in 2022.
- Assessing the performance of executive Directors.
- Reviewing the remuneration policy and the remuneration packages of the Directors and senior management of the Company.

Nomination Committee

Up to the date of this report, the Nomination Committee currently comprises three members, namely Mr. Yang Liqun (executive Director and Chairman of the Board), Ms. He Murong (independent non-executive Director) and Ms. Bao Ying (independent non-executive Director). Mr. Yang Liqun is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are in compliance with the code provision of B.3.1 of the CG Code. The main duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board on appointment, re-election and succession planning of Directors.

The recommendations of the Nomination Committee will then be put to the Board for decision.

The written terms of reference and the details of duties of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, two Nomination Committee meetings were held for:

- Reviewing the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group.
- Recommending the re-election of the retiring Directors at the forthcoming annual general meeting.
- Assessing the independence of all the independent non-executive Directors.
- Reviewing the Board diversity policy.

Policy for Nomination of Directors

It is the policy of the Nomination Committee to adopt the following procedure, process and criteria for selecting and recommending candidates for directorships.

Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to a wide range of criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies (if any, which should be limited to reasonable numbers), qualifications including accomplishment and experience in the relevant industries the Company's business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximise value for Shareholders.

Nomination Procedure and Process

The Nomination Committee will recommend to the Board for the appointment of a director in accordance with the following procedure and process:

(a) by giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing directors, advertising, recommendations from independent agency firms, and proposals from shareholders of the Company, with due consideration given to the criteria set out in the section titled "Selection Criteria" above;

(c) adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) the Board will have the final authority on determining the selection of nominees.

The policy for nomination of Directors, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors of the Company. The Board believes that the defined selection process is good for corporate governance in ensuring the Board continuity and appropriate leadership at Board level, and enhancing Board effectiveness and diversity.

DIVERSITY POLICY

Summary of Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain an appropriate balance of skills, experience and diversity perspectives of the Board that are relevant to the business growth and support the execution of the business strategy. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Measurable Objectives

In terms of implementing the Board Diversity Policy, there are the following measurable objectives:

- to comply with the requirements as specified under the Listing Rules from time to time in relation to composition of the Board;
- the number of independent non-executive Directors appointed must not be less than three and must represent at least one-third of the Board;
- at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and
- must appoint a Director of a different gender to avoid single gender board.

As at the date of this report, all the measurable objectives under the Board Diversity Policy have been fulfilled.

Monitoring and reporting

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of the Board Diversity Policy. The Nomination Committee will review the Board Diversity Policy and the measurable objectives for implementing the Board Diversity Policy, as appropriate, to ensure the effectiveness of such policy. The Nomination Committee will also review the progress on achieving these objectives, developing successors to the Board, and the implementation and effectiveness of the Board Diversity Policy on an annual basis. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As at the date of this report, the Board comprises eight members, including two executive Directors, three non-executive Directors and three independent non-executive Directors. The Board members also obtained degrees in various majors including accounting, applied chemistry, business administration, clinical medicine, economics, finance, international economy, management. Up to the date of this report, the Board comprises eight Directors including three females and five males, each of the Directors is aged between 36 years old to 72 years old.

Gender Diversity of Workforce

Gender diversity at workforce levels (including our senior management) is disclosed in the section headed "Environmental, Social and Governance Report" in this report.

REMUNERATION OF DIRECTORS

The Company has made full disclosure of remunerations of Directors by name, amount and type in note 9 to the consolidated financial statements. No Director has waived or agreed to waive any emoluments for the Reporting Period.

REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration (including share-based compensation) of the members of senior management, including those members of senior management who are also the executive Directors, by band for the Reporting Period is set out below:

Band of remuneration	Number
Nil – HK$500,000	2
HK$500,001 to HK$1,000,000	3

Further details of the remuneration of Directors for the Reporting Period are set out in note 9 to the Consolidated Financial Statements in this report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the Reporting Period, which give a true and fair view of the affairs of the Company and the Group, and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Group's financial statements, which are put to the Board for approval. Management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

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

The statement by the Auditor regarding their reporting responsibilities on the consolidated financial statement of the Company is set out in the Independent Auditor's Report on pages 87 to 91 of this report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that sound risk management and internal control system is established and maintained within the Group, as well as its responsibility to review its effectiveness. Such system aims to manage and reduce the business risks faced by the Group to an acceptable extent, but not eliminating the risks of failure to achieve business objectives. Moreover, it can only provide reasonable, and not absolute, assurance against material misstatement, loss or fraud. The Company has established risk management procedures which comprise the following process:

- Risk identification: identify major and significant risks that could affect the achievement of goals of the Group;

- Risk evaluation and assessment: assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence; and

- Risk management and mitigation: develop effective control activities to mitigate the risks.

In particular, procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations. Risk identification and management is the responsibility of the management of the Group. There were no material internal control defects or significant areas of concerns identified during 2024.

The Board has authorised the Audit Committee to take charge of the on-going monitoring of the Group's risk management and internal control system, as well as the annual review of its effectiveness. Such review covers all material control aspects, including financial control, operation control, and compliance control.

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis. All departments conduct internal control assessment annually to identify potential risks that may impact the business operation of the Group. Self-evaluation has been conducted by checking key operational and financial processes, regulatory compliance, and information security. An internal audit department has been established to conduct risk management and internal audit of the Group. It performs risk-based audits to review the effectiveness of the Group's risk management and internal control systems so as to provide assurance that key business and operational risks are identified and managed. The work carried out by the internal audit department reports to the Audit Committee with its findings and makes recommendations at least twice a year.

During the Reporting Period, the Board has reviewed the effectiveness of the Group's internal control and risk management systems and received the confirmation from the management in respect of the effectiveness of the Group's internal control and risk management systems to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. Accordingly, the Company considers the systems are effective and adequate. The review covered all material controls, including financial, operational and compliance controls and risk management functions. The management of the Company actively monitors the regional economy, trend of property management services industry, reliance on continuing connected transactions and changes in applicable laws and regulations, and assesses income and expenditure and absorptive capacity of business expansions. The recommendations submitted by independent consultant have been accepted by the Company and implemented in stages, to further enhance the policies, procedures and practices of its internal control and risk management.

Whistleblowing Policy

The Board has adopted a whistleblowing policy (the "**Whistleblowing Policy**"). The purpose of the Whistleblowing Policy is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourage the reporting of misconduct, unlawful and unethical behavior.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairlady of the Audit Committee or the officer of the office of the Board. No incident of fraud or misconduct that has material effect on the Group's financial statements or overall operations for the year ended 31 December 2025 has been discovered.

The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-corruption Policy

The Board has adopted an anti-corruption policy (the "**Anti-corruption Policy**"). The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting its business. The Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the Anti-corruption Policy has been prepared as a guide to all Group's employees and third parties dealing with the Group.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Disclosure of Inside Information

The Group has in place a policy on disclosure of inside information which sets out the procedures and internal controls for handling and dissemination of inside information.

The policy provides guidelines to the directors, officers and all relevant employees of the Group to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information.

Key procedures in place include:

- define the requirements of periodic financial and operational reporting to the Board and company secretary to enable them to assess inside information and make timely disclosures, if necessary;
- controls the access to inside information by employees on a need-to-know basis, and safeguarding the confidentiality of the inside information before it is properly disclosed to public; and
- procedures of communicating with the Group's stakeholders, including shareholders, investors, analysts, etc. in ways which are in compliance with the Listing Rules.

The Group has also established and implemented procedures to handle enquiries from external parties related to the market rumours and other affairs of the Group.

To avoid uneven dissemination of inside information, the dissemination of inside information of the Company shall be conducted by publishing the relevant information on the respective websites of the Stock Exchange and the Company.

AUDITOR'S REMUNERATION

The remuneration for the services provided by the auditor to the Group for the Reporting Period is analysed below. There was no non-audit services provided by the auditor for the Reporting Period.

Type of services provided by the Auditor	**Amount** RMB'000
Audit services	950
Total	950

COMPANY SECRETARY

During the Reporting Period, in order to uphold good corporate governance and ensure compliance with the Listing Rules and the applicable Hong Kong laws. Ms. Ng Ka Man ("**Ms. Ng**") has been appointed as the company secretary of the Company. The company secretary reports to the chairman of the Board on Board/committee matters and to the Chief Executive Officer on administrative matters. All Directors should have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed. The appointment and removal of the company secretary is a matter for the Board as a whole. Her primary corporate contact person at the Company is Mr. Cui Yongsheng, the chief officer of the Board.

Ms. Ng confirmed that she has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the year ended 31 December 2025.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information on the Company for the Shareholders and investors to make informed investment decisions.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Audit Committee, the Remuneration Committee, the Nomination Committee attend the annual general meeting to answer Shareholders' questions. The Auditor also attends the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence. The chairman of the meeting will provide the detailed procedures for conducting a poll and answer any questions from the Shareholders on voting by poll. A notice to Shareholders is sent by the Company at least 21 days before the annual general meeting and at least 14 days in all other general meetings.

The Company maintains a website at www.sdrhwy.cn as a communication platform with the Shareholders and investors, where information on the Company's announcements, financial information and other information are available for public access. Shareholders and investors may at any time send their enquiries and concerns to the Board in writing through the company secretarial department whose contact details are as follows:

Address: 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong
Email: rhwuye@runhua.com.cn

The Company continues to enhance communications and relationships with Shareholders and investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them posted of the Company's developments. Enquiries from Shareholders and investors are dealt with in an informative and timely manner.

The Company ensures that the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, maintains the most up-to-date information relating to the Shares at all times so that it can respond effectively to the Shareholders' enquiries.

Based on the abovementioned, the Company considers its shareholders' communication policy implemented effectively.

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Also, the Shareholders have the right to put enquiries to the Board. All enquiries should be sent in writing by post to the principal place of business of the Company in Hong Kong or the headquarters and principal place of business in the PRC.

CONVENING AN EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

According to the Articles of Association, the Shareholders may put forward proposals at the general meeting of the Company for consideration. Any one or more member(s) of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company to require an extraordinary general meeting to be convened by the Company for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to convene such general meeting shall be reimbursed to the requisitionist(s) by the Company.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

The memorandum of association and articles of the association of the Company (collectively, the "**Memorandum and Articles**") have been amended and restated, with effect from the Listing Date. Save for the aforesaid disclosed, during the Reporting Period, no change has been made to the Memorandum and Articles.

During the Reporting Period, no change has been made to the Memorandum and Articles. The latest version of the Memorandum and Articles is available on the websites of the Company at www.sdrhwy.cn and the Stock Exchange at www.hkexnews.hk.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Runhua Living Service Group Holdings Limited (stock code: 2455) (the "**Company**", together with its subsidiaries, hereinafter referred to as the "**Group**") was listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**HKEX**") on 17 January 2023. The Group is pleased to present its fourth Environmental, Social and Governance ("**ESG**") Report (the "**Report**") for the year ended 31 December 2025 (the "**Reporting Period**"). The Report is published on the website of the HKEX and the Group's website (www.sdrhwy.com).

The disclosures in this Report are in compliance with the Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") set out in Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and takes the four reporting principles contained therein, namely Materiality, Quantification, Balance and Consistency, as the basis for the preparation of this Report. A complete index is attached to the last chapter of this Report so that readers can read this Report according to the ESG Guidelines. Unless otherwise specified, all currencies involved in this Report are measured in Renminbi.

Reporting Principles

As a property management service provider with a focus on sustainable development, the Group is constantly fulfilling its social responsibilities, accelerating growth, doing its best to contribute to the environment and society, and striving to achieve long-term goals for development with society.

The Group strives to balance the interests of stakeholders and social responsibilities to maintain its sustainable development of a company, as successful companies should not maximize their profits at the cost of the society.

The Group always keeps corporate social responsibility in mind and will continue to commit to promoting the development of the ESG.

In the future, the Group will continue to focus on the concept of low carbon and green operations, minimize the environmental impact of the project development cycle, and jointly promote efforts to combat global warming.

Scope of Reporting

Upon completion of the materiality assessment, the Group has decided that the Report covers the overall performance of the Group and all its subsidiaries.

The reporting scope is consistent with the annual report and is determined based on the materiality of the business segments under the Group's direct operational control, which includes the Group's headquarters and the common areas of our managed properties and properties that the management was terminated in the mainland China during the Reporting Period.

Statement of the Board

The Board of Directors assumes full responsibility for the Group's environmental, social and governance strategies, reporting, assessing, and determining the Group's environmental, social and governance risks, and ensuring that the Group has established an appropriate and effective ESG risk management and internal monitoring system. The Board of Directors and all its directors guarantee that there are no false records, misleading statements, or major omissions in this Report, and bear individual and joint responsibility for the authenticity, accuracy, and completeness of the content.

The Board of Directors of the Group is the highest decision-making body for ESG management, guiding the sustainable development direction of the Group, formulating the overall vision, goals and management strategies of the Group for sustainable development and reviewing the Group's annual ESG report. Its related working team will promote the implementation of ESG work within the Group.

We will focus on the above issues in our daily work and manage our goals accordingly. In the future, we will continue to adjust the sustainable development management strategies and promotion methods according to the expectations of stakeholders and the actual operation of the Group, so as to continuously improve the level of sustainable development.

To systematically manage ESG issues under the Board's delegations, the Group has established a working team.

The working team is composed of core members from various departments, which facilitates the Board's oversight of ESG issues. The team shall arrange regular meetings and report to the Board periodically, with the aim of improving the Group's ESG performance.

The working team is responsible for the following:

- Assisting in conducting materiality assessment;
- Ensuring compliance with ESG-related laws and regulations;
- Assisting in the assessment and identification of the Group's ESG risks and opportunities;
- Keeping track of and reviewing the progress made against the Group's ESG-related targets, evaluating the effectiveness of current policies and procedures, and formulating appropriate solutions;
- Collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance and preparing ESG reports; and
- Assisting in ensuring the implementation and effectiveness of risk management and internal control systems.

Feedback

We welcome your feedback and your valuable input will help us continue to improve. If you have any feedback on the content of the Report, please feel free to contact us by email at rhwuye@runhua.com.cn.

I. STAKEHOLDER ENGAGEMENT

As a responsible enterprise, the Group attaches great importance to communication with stakeholders and their feedback regarding our business operation and ESG affairs, while proactively developing our business and improving profitability, to balance the interests of all parties and foster sustainable development. To fully understand, respond, and address the core concerns of various stakeholders, we have been maintaining regular and close communication with key stakeholders, including but not limited to shareholders and investors, customers, suppliers, employees, government authorities and regulatory bodies and the community, non-governmental organisations ("**NGOs**") and media.

The Group maintains close engagement with its stakeholders and collects their feedback through various communication channels to understand and address their concerns. The engagement channels with stakeholders include general meetings, corporate website, community activities, regular communication with employees, performance appraisal interviews and networking with suppliers.

Stakeholders	Communication channels	Expectations
Shareholders and investors	• Annual General meeting and other general meeting of shareholders • Information disclosure • Investor visits and the Company's website	• Investment returns • Boost the Company's market value and profitability • Continuously improve the Company's environmental and social responsibility performance • Protection of shareholders' interests
Customers	• Sign contracts and agreements • Customer visits • Customer satisfaction survey	• Provide high-quality products and services • Customer privacy protection • Business integrity and ethics • Establish a complete customer service system and customer feedback and complaint mechanism

Stakeholders	Communication channels	Expectations
Suppliers	• Sign contracts and agreements • Regularly hold tender and bidding • Supplier inspection • Supplier meetings	• Regulatory compliance • Environmental standards and requirements • Respectful and fair procurement • Cooperation on fair terms • Integrity and performance
Employees	• Labour contracts • Employee performance • Employee training • Employee satisfaction survey	• Employee remuneration and benefits • Healthy work environment • Health and safety • Development and training opportunities
Government authorities and regulatory bodies	• Engage in relevant governmental meetings • Policy consultations • Incident reports • Official correspondence • Information disclosure	• Observe the law • Operate in compliance with the regulations and in line with national policies • Information disclosure and transparency
The community, NGOs and media	• Charitable activities • Pairing assistance • Community activities • ESG reports	• Contribute to society • Environmental protection

II. IDENTIFICATION OF MATERIAL ISSUES

Under the requirements of the ESG Guide issued by HKEX and with reference to the procedures for material analysis formulated by the Global Reporting Initiative ("**GRI**"), the Group collects the issues concerned by major stakeholders through multiple channels, and conducts materiality analysis and prioritises of such issues, to finalise the material issues in the environmental, social and governance aspects and make disclosure thereof in the Report.

The identification process of material issues consists of four steps:

- *Identification*. The Group identifies relevant ESG issues with reference to the ESG Guide published by HKEX, GRI Sustainability Reporting Guidelines (GRI Standards version) and those disclosed by its peers at home and abroad;

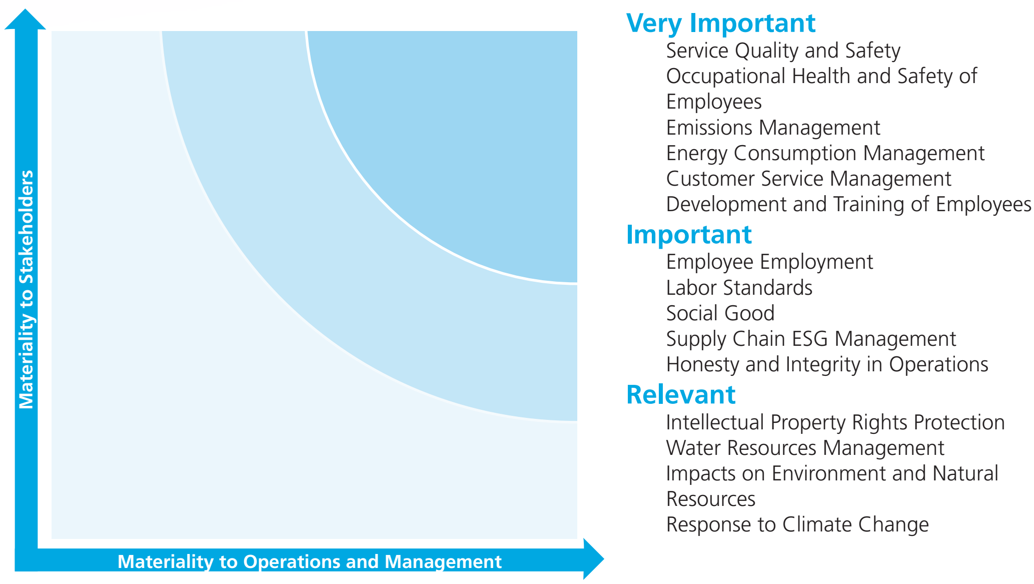
- *Prioritise the material issues*. The major considerations for materiality assessment by internal stakeholders include the impacts on our corporate strategies, policies, procedures and commitments, impacts on the Company's competitive edges and management excellence, and current and future financial impacts on the Company; and major considerations for such assessment by external stakeholders include the impacts on the Company's evaluation and decision-making, and on their own interests;

- *Verification*. The Company's management reviews and approves the identified issues and their priorities;

- *Review*. After the Reporting Period, the Company will seek feedback from internal and external stakeholders on the contents of the Report for current period to prepare for the report for the next period.

We have fully considered the importance of each key performance indicator to the operation and the stakeholders. After comprehensive evaluation, we have selected the following indicators as the major influential aspects of the Group's sustainable development. While taking all environmental and social responsibilities into consideration, the Group has paid more attention to the following areas: Service Quality, Innovation Management, Responsibility Management, Customer Relationship Management, Labor Management, Development and Training, Diversity and Equal Opportunities, Privacy Protection, Business Ethics, Information and Data Security, Risk and Crisis management and Policy Impact.

Issue Materiality Matrix



In the future, the Group welcomes opinions and suggestions from stakeholders.

III. ENVIRONMENTAL

A1. Emissions

We consider environmental protection to be important and have implemented measures in the operation of our businesses to ensure compliance with all applicable requirements. The Group has actively implemented the "Project Energy Management Requirements", "Water Conservation Management System" and "Waste Management System" to regulate air and greenhouse gases ("**GHG**") emissions, waste water and wastes generated in our operations to enhance environmental management in our business processes, with the aim of minimising pollution and environmental damage arising from our daily business operations.

The Group strictly complies with laws and regulations in relation to prevention of environmental pollution, such as the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution" (中華人民共和國大氣污染防治法), "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste" (中華人民共和國固體廢物污染環境防治法) and "Law of the People's Republic of China on the Prevention and Control of Water Pollution" (中華人民共和國水污染防治法). During the reporting year, the Group did not experience any incident of material environmental pollution and ecological damage.

During the Reporting Period, the Group was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group in relation to GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

We attach great importance to environmental protection and strictly comply with applicable laws and regulations to ensure compliance with requirements relating to emissions of air and GHGs, waste water and other hazardous and non-hazardous wastes generated in our operations. In addition, we continuously strengthen the management of energy and resources, actively adopt environmental protection measures for energy conservation and emission reduction, and practise the concept of green development.

A1.1 Air Pollutant Emissions

The air pollutants the Group generates are mainly nitrogen oxides, sulphur oxides and particulate matter emitted by our own vehicles. Currently, the vehicles are powered by gasoline, the Group will actively introduce clean energy vehicles to reduce the emissions of air pollutants and greenhouse gas caused by burning fossil energy. Meanwhile, the Group encourages our employees to commute by public transportation and promote green travel.

Air pollutant emission *(Note)*	**Unit**	
NOx emission	KG	**25.62**
SOx emission	KG	**0.60**
Particulate matter emission	KG	**1.82**

Note: Emissions of air pollutants are mainly generated by using of our own vehicles, calculated with reference to Vehicle Emission Calculation of EMFAC-HK and the MOBILE6.1 Particulate Emission Factor of United States Environmental Protection Agency, among other bases.

A1.2 Greenhouse Gas Emissions

The Group is committed to reducing greenhouse gas emissions from our own operations by identifying the sources of greenhouse gas emissions, planning and analysing the effectiveness and operability of various greenhouse gas reduction initiatives, and gradually implementing greenhouse gas reduction measures to achieve greenhouse gas reduction target. Our greenhouse gas emissions mainly come from the combustion of energy in our own vehicles and purchased electricity, so we plan to gradually increase the use of clean energy vehicles to reduce the greenhouse gas emissions generated by our own vehicles. The Group also plans to adopt more environmentally friendly property management equipment (such as greening and gardening maintenance equipment) to reduce the greenhouse gas emissions. At the same time, the Group will actively explore more effective ways to save electricity based on the existing initiatives and strive to promote the environmental protection plan and targets to reduce electricity consumption.

Greenhouse gas emission *(Note)*	**Unit**	
Total greenhouse gas emission	Tonnes CO_2 equivalent	**7,237.98**
– Greenhouse gas emission-scope 1	Tonnes CO_2 equivalent	**7,127.81**
– Greenhouse gas emission-scope 2	Tonnes CO_2 equivalent	**110.17**
Greenhouse gas emission intensity	Tonnes CO_2 equivalent/ RMB10,000 in revenue	**0.08**

Note: GHG emission indicators are calculated with reference to the Greenhouse Gas Accounting Standard (GHG Protocol) issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), the 2006 IPCC Guidelines for National Greenhouse Gas Inventories issued by the Intergovernmental Panel on Climate Change (IPCC), and the Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industries Enterprises (Trial) issued by the National Development and Reform Commission of the People's Republic of China, among other bases.

A1.3 Hazardous Waste and Non-hazardous Waste

In terms of waste management, the Group strictly follows the waste disposal requirements and treatment regulations of the relevant laws and regulations, such as the Law of the PRC on the Prevention and Control of Air Pollution and Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste. The Group has formulated relevant policies to carry out standardised collection and treatment of hazardous and non-hazardous waste generated by our operations. Hazardous waste mainly includes the ink cartridges generated by the office work, and non-hazardous waste mainly includes paper generated by the office work. Based on compliant waste management, we aim to put efforts to reduce waste generation at source. We advocate a paperless office, while guiding employees to conserve resources and implement double-sided printing of documents to reduce waste and lower waste generation. We will continue to strengthen the level of waste management with our waste management target as our course of action.

Waste	**Unit**	
Hazardous waste	KG	314.60
Hazardous waste intensity	g/RMB10,000 in revenue	3.38
Non-hazardous waste	KG	1,880.14
Non-hazardous waste intensity	g/RMB10,000 in revenue	20.2

A2. Resource Utilization Management

A2.1 Energy Consumption

For the property management service, the Group has gradually carried out intelligent transformation of water and electricity metres. By changing traditional water and electricity metres into intelligent water and electricity metres, the Group can achieve real-time supervision and precise control of water and electricity consumption, scientifically analyse the characteristics and levels of energy consumption, water consumption and greenhouse gas emission in each region, type and level, accurately measure the energy-saving and greenhouse gas –reducing potential of each segment, part and equipment. This will provide strong support for scientific decision-making and precise policy-making and empower the high-quality development of energy-saving work.

Energy consumption (1)	**Unit**	
Total comprehensive energy consumption	MWh	**12,268.76**
Total indirect energy consumption (2)	MWh	**12,038.35**
Total direct energy consumption (3)	MWh	**230.41**
Total comprehensive energy consumption intensity	MWH/RMB10,000 in revenue	**0.13**

Notes:

1. Energy consumption indicators are calculated with reference to the national standard of the People's Republic of China "General rules for calculation of the comprehensive energy consumption" (GB2589–2020) and other bases.

2. Indirect energy consumption is mainly purchased electricity consumption, and the data does not include the electricity provided by property owners in property management services.

3. The direct energy source is mainly gasoline used in our own vehicles.

The Group strictly complies with applicable laws and regulations such as the Energy Conservation Law of the PRC and formulate relevant internal management policies and systems to implement energy saving and consumption reduction initiatives. In our own office, we plan to introduce photovoltaic power generation systems at corporate office buildings, meanwhile, we promote the concept of environmental protection and emphasise the importance of environmentally friendly behavioural habits such as saving electricity. In our operational services, we have introduced energy-saving appliances such as energy-saving LED lights in some of our properties under management to achieve the environmental effect of reducing electricity consumption.

A2.2 Water Consumption

The Group values the extraction and use of water resources and is committed to improving the efficiency of water use. The Group utilises water recycling and use reclaimed water to water the gardens and green plants in some of our property management services. The Group provides water-saving signs in our office areas to remind our employees to save water. The Group will strive to explore more ways to save water, improve efficiency of water usage and achieve our water efficiency target.

Water Consumption	**Unit**	
Municipal water *(Note)*	m^3	**48,399.68**
Municipal water consumption intensity	m^3/RMB10,000 in revenue	**0.52**

Note: The data does not include municipal water that is provided by property owners in property management services.

The Group has taken into account the environmental factors in mapping our sustainable development strategies and has actively responded to changes in the government's environmental policies. The Group establishes measures to conserve natural resources and promotes the conservation culture in environmental protection. The Group strives to improve the environment of the production plant, encourages employees to save and make full use of resources, maximizes the benefits, and eliminates wastes. The use of water and electricity are controlled as long as the operations are not negatively impacted. All uses outside business are prohibited. The level of energy consumption is reviewed and assessed regularly, and when excessive consumption and wastage is noted, immediate attention and action is required, so as to control the situation and reduce its impact. The use of packaging materials is not material due to the Group's business nature.

In the future, we will continue to actively explore innovative methods to achieve planned water use, scientific water use, water conservation, and water recycling.

During the Reporting Period, the Group did not identify any significant risk of water shortage in obtaining suitable water sources.

The Group is not involved in the use of packing because of the nature of its business.

To ensure the effective implementation and efficient execution of environmental management measures, we have set four major environmental targets as the guiding direction and course of action for our future environmental management.

Environmental targets	Details of the targets	Action initiatives
Emission Target	Using 2021 as the base year, GHG emission intensity decreases by 5%–10% by 2030.	To achieve the target, we plan to take the following measures: – Increase the use of clean energy vehicles. – Adopt more environmentally friendly property management equipment (such as greening and gardening maintenance equipment) and other related initiatives to reduce GHG emissions.
Energy Use Efficiency Target	Using 2021 as the base year, the intensity of electricity consumption decrease by 5%–10% by 2030.	To achieve the target, we plan to take the following measures: – Introduce photovoltaic power generation systems at corporate office buildings to obtain clean energy and advocate green office. – Introduce energy-saving devices, such as energy-saving lights in our property management services to reduce unnecessary energy consumption. – Strengthen the real-time monitoring of energy consumption and the whole process management of data with the help of smart metre renovation work, so as to capture abnormal energy consumption situations and deal with them in time.

Environmental targets	Details of the targets	Action initiatives
Waste Management Target	Achieving a 100% non-hazardous waste recycling rate by 2030.	To achieve the target, we plan to take the following measures: – Advocate green office and actively carry out recycling actions for non-hazardous waste, such as promoting paperless office, requiring employees not to use paper for non-essential use, and strictly enforcing recycling of paper used for essential use.
Water Efficiency Target	Using 2021 as the base year, the water consumption intensity decreases by 5%–10% by 2030.	To achieve the target, we plan to take the following measures: – Actively use natural water resources and adopting rainwater to irrigate the garden greenery in the property management services. – Introduce water-saving irrigation equipment to reduce unnecessary waste of water usage and etc. – Install intelligent renovation of water metres to strengthen the real-time monitoring of water consumption, improve the efficiency of data management, and analyse the historical water consumption trend and predict the future water consumption and water saving more scientifically and effectively. – Enhance the employees' awareness of saving water by providing water-saving signs.

We will always take promoting the process of emission management, waste management and environmental protection as the long-term goal, and ultimately realize the concept of circular economy and adhere to the path of sustainable development.

A3. The Environment and Natural Resources

The Group has a pool of dedicated and diligent employees. When formulating sustainable development strategies, the employees actively support and contribute feasible suggestions speeding up the Group's pace towards green management. The Group will continuously increase the investment on various environmental protection projects, re-identify the source of wastes generated during operation and the impacts on the environment when using resources, to enhance and install different types of environmental protection facilities and ancillaries, and continue to optimise internal management systems, working guidelines and environmental protection measures; continuously enhance employees' awareness on environmental protection and resource conservation through promotion, education and other effective methods, and take up the social responsibilities and obligations with employees in the process of management and development.

The Group's operations have no significant impact on the environment and natural resources. We have stated the Group's efforts to conserve resources and reduce emissions in the preceding sections.

A4. Climate Change

The Global Risk Report published by the World Economic Forum depicted that the environmental risks remained as the primary issue from the perspective of the probability and impact of risks in the next decade. Environmental risks are closely related to climate change, and to cope with the severe challenges brought about by climate change, the development of a low-carbon economy has become the consensus of the international community. For enterprises, risks and opportunities coexist due to the impact of climate change – how to integrate climate change into the business strategies and daily operation activities of the enterprise is related to whether the enterprise can maintain and enhance its own competitiveness and survive and develop in the fierce international market competition.

Meanwhile, we actively respond to the national "3060" target and promote the reduction in emission of GHG, mainly carbon dioxide, to combat climate change due to global warming. We have taken relevant measures to save energy, improve the ecological environment, and enhance emission management, and make unremitting efforts to achieve the "3060" target.

The Group actively undertakes the corporate social responsibility of addressing climate change, takes effective measures to address the challenges brought by climate change, and seizes the opportunity of developing a low-carbon economy, expecting to occupy the strategic commanding heights in the future competition, so as to achieve its own sustainable development. Besides, the Group will also regularly provide induction training or courses related to emergency response plans and procedures for all employees in the future.

IV. SOCIAL

B1. Employment

The Group handles termination of employment in compliance with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the relevant provisions of labor contract and applicable labor regulations. The Group has established standardized employee recruitment and resignation procedures.

The Group adheres to the principle of "equal opportunities, fair competition, comprehensive assessment and merit-based hiring" during the recruitment procedures, and has established a comprehensive internal assessment and performance appraisal mechanism to ensure fair promotion opportunities for employees. Employees enter into a labor contract with the Group upon induction, and the working hours of the Group's employees are in compliance with relevant requirements. The Group prohibits child labor and forced labor. In the event of resignation due to personal reason, employees may submit an application of resignation and are allowed to leave the Group upon completion of the resignation procedures. In the event that the Group takes the initiative to terminate or suspend labor relationship with employees, the Group fulfills the obligation of prior notice in accordance with the requirements of relevant laws and regulations. As at 31 December 2025, the Group had a total of 12,900 full-time employees, who are all located in the PRC.

B1.1 Composition of employees

	Number of employees	Percentage
By gender		
Male	**4,997**	**38.7%**
– Management	155	1.2%
– Middle management	206	1.6%
– General Staff	4,636	35.9%
Female	**7,903**	**61.3%**
– Management	65	0.5%
– Middle management	258	2.0%
– General Staff	7,581	58.8%
By employment type		
Full-time	12,900	100.0%
Temporary/Part-time	0	–
By age group		
＜30	1,093	8.5%
30–50	2,145	16.6%
＞50	9,662	74.9%
By geographical region		
Shandong province, China	11,956	92.7%
Rest of Mainland China	944	7.3%

The employee turnover rate was 42.10% for the Year 2025. The employee turnover rates categorised by gender, age groups and location are depicted below:

	Percentage
By gender	
Male	40.77
Female	42.94
By age	
＜30	19.56
30–50	3.93
＞50	53.38
By geographical	
Shandong Province	41.05
Rest of Mainland China	60.39

B1.2 Remuneration and benefits

Employee remuneration of the Group comprises basic salary, position-based salary, tenure-based (seniority-based) salary, bonus, special rewards and insurance benefits. In particular, basic salary is determined based on a combination of factors such as job duties, responsibilities, operation scale, salary offered by peers, the area where the business of the Group is located, as well as knowledge and experience of the employee. Position-based salary is determined based on the grade of post. Tenure-based (seniority-based) salary is determined based on the length of service for the Group and time commitment of work. Bonus is determined based on the Group's annual operating performance, employees' performance and contribution.

The Group and its employees made contributions to various social insurance plans and housing provident funds in accordance with relevant provisions of the PRC. The relevant social insurance plans and housing provident fund are managed in accordance with local regulations.

The Group adopts a five-day work week arrangement. Employees are entitled to annual leaves and other paid leaves, such as maternity leave, paternity leave, compensatory leave, marriage leave and examination leave. According to the Group's policies, employees enjoy medical benefits, provident fund schemes and other benefits.

B1.3 Actively nurtures and attracts industry talents

The Company emphasizes the introduction of talents, and explores a variety of recruitment cooperation methods to boost the introduction. The Company recruited one employee during the Reporting Period. However, the Company actively communicated with intermediaries such as 51job.com and deepened the cooperation with universities. According to the social needs of combining production, studies and research, the Company, together with certain universities, actively admitted tertiary institution students for training and internship to enhance their practical ability and strengthen their competitiveness for employment.

We understand the value of a diverse and professional team of talents. We are dedicated to developing and maintaining an inclusive and cooperate workplace culture where all staff can thrive. The Group is devoted to providing equal opportunities for all employees and to ensuring that employees are free from any discrimination, physical or verbal harassment in the workplace on the basis of gender, race, religion, age, marital and family status, disability or any other grounds. To ensure a fair and equal protection for all employees, the Group does not tolerate any form of sexual harassment or bullying in the workplace.

B2. Health and Safety

The Group adheres to a people-oriented approach and demonstrates its care for employees' health and safety by optimizing employee health protection mechanisms and earnestly implementing safety drills and educational training.

Due to the Group's business nature, the working environment within the Group does not expose employees to significant safety hazards, however, we acknowledge the importance of occupational health and safety, and endeavour to provide our employees a safe and pleasant working environment. We have formulated a series of health and safety management measures at our workplace with reference to relevant laws and regulations to safeguard the health and safety of our employees.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations related to health and safety that had with a significant impact on the Group. Relevant laws and regulations include but not limited to the "Labour Law of the People's Republic of China" and the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases".

B2.1 Safeguarding the health and safety of employees

The Group earnestly implements the legal instructions of safety production regulations and fully implements the principal responsibilities of safety. It has strengthened its internal enterprise management and carried out safety and health work to provide employees with a safe and healthy working environment. It has earnestly implemented the work approach on fire-fighting of "precaution comes first with a combination of prevention and fighting", and strengthened training to all staff on fire-fighting knowledge and management of internal fire-fighting facilities and equipment. It has also enhanced security and fire safety awareness of employees through means of organizing staff safety training. During the COVID-19 epidemic, the Group prepared masks and other epidemic prevention items for all staff.

Occupational health and safety performance	Unit	
Lost work days due to work injury	Days	**324**

During the past three years including the Reporting Period, the Group did not record any cases of work-related fatalities.

B2.2 Organizing various cultural and sports activities

The Company attaches great importance to employees' cultural activities and leisure lives and hopes to organize a variety of cultural activities to strengthen team cohesion. During the Reporting Period, the Company organized two team-building and outreach activities and four annual gatherings. The Company organized four film premiere watching activities for employees. During our daily operation, the Company organizes fitness activities with its employees, such as planks and yoga, and encourages employees to exercise at a nearby gym through jogging and weightlifting.

During the period, the Group had no violations related to the provision of a safe working environment and the protection of employees from occupational hazards, and no deaths of employees due to the work.

B3. Development and Training

The Group attaches great importance to the diversified development of employees, actively promotes daily communication, and promotes the development of employees through the formulation of strict training plans, so as to make full use of their strengths.

The Group focuses on the leadership and management function training for senior staff to expand their international vision and improve their change management ability, strategic analysis ability, operation and management ability, business collaboration ability, risk prevention ability, comprehensive humanistic quality, etc., in an effort to cultivate high-quality enterprise operation managers.

The Group focuses on the executive ability and professional skills training of middle-level staff, and strives to improve their professional theoretical level, business executive ability, organizational openness ability, business innovation ability, etc.

The Group focuses on professional and general skills training for entry level employees, strengthens the training in business operation, working process and rules and regulations, and improves their professional communication ability, customer service ability, team cooperation ability, office operation ability, etc.

During the Reporting Period, the Company held more than 20 internal trainings, including client maintenance, supplier selection, capital market and induction training for new employees.

During the Reporting Period, the Group provided training to all staff. The breakdown of the percentage of employees trained and the average training hours completed per employee by gender and employee category is as follows:

	Percentage of employee trained	Average training hours
By gender		
Male	100%	20
Female	100%	20
By employee category		
Senior management	100%	20
Middle management	100%	20
General staff	100%	20

B4. Labor Standards

The Group strictly complies with "Regulation on Labor Security Supervision" and "Provisions on the Prohibition of the Use of Child Labour" in China to prevent any employment of child labour and forced labour. During the Reporting Period, the Group was not aware of any material violations of laws and regulations on the prevention of child labour and forced labour.

The Group strictly abides by national laws and regulations, and resolutely eliminates the employment of child labor and forced labor; the Group strictly controls the recruitment process, and the candidates entering the interview process are not less than 18 years old, and the original personal ID card is required for the interview. The candidates must provide the original ID card, the original graduation certificate and other documents to go through the admission procedures.

In 2025, the Group did not have any employment-related violations of laws and regulations that had a significant impact on the Group, nor did it employ any child labour, forced labour or other violations of laws and regulations related to labour standards.

The Group has formulated the Employee Recruitment Management System, which is applicable to the recruitment of all employees of the Company.

In accordance with the requirements of this system, the recruitment of the Group shall follow the principle of fairness. For any position of the Group, promotion from within the Group shall be considered first, and then open recruitment to the society shall be considered. In the process of recruitment assessment, depending on the demand of the positions, the candidates with the knowledge, experience and skills of relevant positions will be recruited on a selective basis, which focuses on their educational background, work experience and comprehensive quality.

The Group implements an equal employment opportunity system, in accordance with applicable laws, candidates and employees will be given equal employment opportunities regardless of their ethnic background, color, gender, sexual orientation, origin, age, disability, religion, nationality, familial or marital status, civil rights, military or veteran status, gender identity, genetics, pregnancy and other legally guaranteed class or characteristics.

B5. Supply chain management

The Group has established a series of stringent and standardised supply chain management procedures for all suppliers.

The Group extends sustainability considerations to the suppliers and the business partners to promote environmentally and socially responsible practices. The Group aims to build close relationships with the suppliers and provide high quality services and products with environmental and social responsibility to achieve our sustainable development goals. Suppliers must act according to the principles of integrity to avoid any transfer of benefits. Under the agreement with our suppliers, both parties will fulfill their corporate social responsibility and comply with business-related laws and regulations.

Due to its business nature, the Group has no fixed supplier in respect of its business. In the selection of suppliers, the Group would fully consider the business reputation of suppliers and whether they had any illegal acts, non-compliance and significant legal disputes in the past, and at the same time, conduct effective qualification assessment on suppliers against specific standards such as their ability, experience, qualification, reputation, financial condition and quality assurance system.

During the Reporting Period, the Group was not aware of any significant actual or potential negative impact of suppliers in respect of business ethics, environmental protection, etc. The Group encourages and expects business partners to adhere to the same ethical standards shared by the Group. Before the formal start of cooperation, the Group makes a comprehensive evaluation of business partners according to various criteria.

Number of Suppliers by Region	2025
Shandong province	1,220
Rest of Mainland China	591
Total	1,811

The Group established a full life cycle management process for various suppliers from procurement, payment, acceptance to withdrawal, and continuously inspects and evaluates the hardware facilities and operational capabilities of suppliers. During the evaluation stage, suppliers with quality defects, unqualified environmental impact assessments or integrity problems will be eliminated and blacklisted. Through communication and cooperation with our suppliers, we encourage them to comply with regulations and guidelines related to the environment and social responsibility, and implement an effective management plan to enable them to comply with regulations in a systematic manner. We hope to demonstrate supply chain responsibility, redefine internal management requirements and adjust procurement strategies.

During the Reporting Period, the suppliers to whom the practices related to supplier access were implemented were fully covered in the audit of the suppliers who had cooperated.

During the procurement process, the Group encourages suppliers to use environmentally friendly products and services. The Group adheres to fair operating practices and has a sound supplier selection process with clear supplier selection criteria and the ability to identify potential risks in the Group's supply chain. We encourage our suppliers to maintain high standards of business ethics and conduct and strive to achieve satisfactory environmental and social performance. When selecting and evaluating suppliers, we will consider a number of factors such as quality system, environmental and social performance, and strive to establish long-term supply and demand cooperation.

B6. Product responsibility

The quality and safety of our services determine our customer relationships and our business development. We have placed focus on not only developing innovative services, but also on maintaining both the quality and quantity of our services.

The Group aims to build and enhance its own brand and to become a leading integrated property management service provider. As a quality property management service provider, the Group believes that quality control is critical to its success.

We strictly comply with all relevant laws and regulations relating to product responsibilities, including but not limited to "Law of the People's Republic of China on the Protection of Consumer Rights and Interests" and "Product Quality Law of the People's Republic of China" of mainland China.

During the Reporting Period, the Group was not aware of any material non-compliance with any laws and regulations in relation to product and service quality, and no material complaints were received in relation to products and services. Customer satisfaction has reached our expected level. The Group has comprehensive complaint handling procedures, and the Group's complaint and risk reporting systems to facilitate customer feedback.

During the Reporting Period, we have received complaints from our customers, tenants and visitors, among which there were 10 complaints related to our services and with valid support. Our Group has not received any material complaint or claim for compensation from our customers due to quality issue in relation to the services carried out by our Group or subcontractors.

To understand our customers' needs and enhance our quality, our general manager and business department directors will visit our customers to receive their feedbacks from time to time and the quality assurance department will conduct customer satisfaction investigation annually. The services to be improved will be listed out and delivered to the responsible staff for their rectification and follow-up.

During the ordinary course of our business operations, we receive suggestions and complaints from our customers, tenants or visitors from time to time regarding our services. We encourage our customers to lodge their complaints through Runzhiyun (潤之雲), a mobile application developed by our Group or the following office/department directly:

Regional service office

Our customer service personnel in the regional service offices are responsible to register the suggestions and complaints and inform the responsible staff to resolve the issue. Our frontline staff are required to resolve or propose the solution in a timely manner in order to uphold the quality of services.

Business department

Subject to the preference of the complainant, we may introduce the complainant to contact the regional service office in charge or instruction the responsible staff to handle the complaint directly. The business department will request the responsible staff to resolve or propose the solution in a timely manner and to report the status of rectification accordingly.

Headquarters

Our customer service personnel at the headquarters will fill in the complaint form for the complainant and send the form to the responsible regional branch office and/or business department depending on the nature and seriousness. The regional branch office shall analyse the reason and responsibilities for the incident, formulate a rectification plan and, after approved by the business department, resolve the issue or propose the solution within 24 hours. All verbal and written complaints are recorded in the "complaint log-book" which is kept by the quality assurance department.

During the Reporting Period, the Company proactively addressed customers' problems in a timely manner by carrying out major daily works, such as customer consultation, customer response, customer complaint etc. Meanwhile, through communication with customers, we timely discovered problems in the service process and system and reflected them to the relevant departments.

The Group regards product quality as of utmost importance and strives for excellence in product quality. As of the end of 2025, the Group has not experienced any major violations related to the health and safety of its products, customer privacy protection and intellectual property rights, and there have been no any major computer system or network security incident occurs. The Group has not been involved in advertising and labeling matters in the course of business during the Reporting Period.

Intellectual property rights protection is indispensable for innovation and research and development. Effective property rights protection management is helpful to protect the new technological achievements of enterprises and strengthen the core competition of enterprises. While fully respecting intellectual property rights of other parties, the Group protects its intellectual property rights from being infringed. The Group is strictly in compliance with laws and regulations, such as the Patent Law of the People's Republic of China (中華人民共和國專利法), Copyright Law of the People's Republic of China (中華人民共和國著作權法)and Trademark Law of the People's Republic of China (中華人民共和國商標法), and the Intellectual Property Rights Reporting Procedures and Incentive System Management Regulations, with an aim to stipulate and regulate the reporting procedures of the intellectual property rights of different departments and encourage department staff to partake in knowledge innovation and technology R&D.

During the Reporting Period, the Group did not record any incidents of non-compliance in relation to products and intellectual property rights that had a significant impact on the Company.

The Group is committed to protecting the privacy of its customers in every aspect of our operation. In compliance with the laws, regulations and ordinances, such as the Personal Information Protection Law of the People's Republic of China (中華人民共和國個人信息保護法),Law of the People's Republic of China on the Protection of Consumer Rights and Interests (中華人民共和國消費者權益保護法), we avoid the risk of privacy leakage and build a safe and orderly operating environment by continuously improving the Group's internal relevant systems and taking multiple measures to effectively fulfil our due confidentiality responsibilities. A project manager in each department is responsible for protecting the privacy of its customers to ensure effective protection of customer information.

During the Reporting Period, the Group did not record any incidents of non-compliance in relation to privacy protection.

During the Reporting Period, the satisfaction rate of customers was almost 100%. As to minor matters with which customers are not satisfied, the Company carried out follow-up inspection, timely corrected the problems occurred during the services provided for customers and prevented the reoccurrence of such problems. Meanwhile, based on the problems raised by customers, the Company analyzed the behavioral habits of customers, sorted out the common problems among customers and serviced our customers even before they need.

B7. Anti-corruption

The Group strictly complies with "Company Law of the People's Republic of China", "Anti-money Laundering Law of the People's Republic of China" and other laws and regulations. During the Reporting Period, the Group did not identify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering nor any concluded legal cases regarding corrupt practices brought against the Group and its employees. The Group has established a specific anti-corruption policy with systemic anti-corruption documents such as the application form of conflict of interests. The Group focuses on enhancing supervision and improves system construction.

The Group has particularly strengthened the supervision and inspection on key areas such as fees and expenditure. The Company has strengthened the moral integrity supervision mechanism, developed and improved the series of work systems, improved the work process of supervision and discipline, and expanded the channels for receiving letters and visits.

In order to raise the awareness of anti-corruption among the Group's employees, the management of the Group has actively promoted the anti-fraud policy and related measures, and provided training for employees on laws and regulations, which mainly include: 1. strict compliance with laws and regulations and related requirements of the Group by the directors, supervisors and management of the Group; and 2. promoting anti-fraud policy through employee manual, corporate correspondence or networking to ensure all employees receive training on laws and regulations as well as standards of occupational ethics. In 2024, the Group provided anti-corruption training to its directors and employees. In the future, we will continue to strengthen internal anti-corruption management and gradually expand it to the board of directors.

In order to comply with applicable anti-corruption laws and regulations of the PRC, we have formulated and implemented an anti-corruption regime. Key anti-corruption measures include the following:

(i) we provide anti-fraud and ethics training to our new employees and distribute our anti-corruption policy to all employees through employee handbooks and announcements;

(ii) we require all employees to sign the anti-corruption practice commitment on an annual basis to indicate that each of them is aware of and voluntarily abide by our anti-corruption requirements;

(iii) we have established a set of rules, such as requiring separation of duties so that the same person cannot be equipped with the authority to propose funding and approve funding at the same time, to implement financial control measures in order to manage corruption and bribery risks, so that financial transactions are accurately, completely and timely recorded;

(iv) we specifically require our employees to submit all reimbursement requests related to entertainment related fee or gifts presented to third parties on behalf of our Group in accordance with our expense expenditure policy, and specifically record the reason for the expenditure. Any entertainment expenses exceeding certain amount per person must be approved in advance by the respective department head. Our compliance officer also maintain a register for details of the interactions between our employees and Government officials or Government related personnel;

(v) we have a whistleblowing and complaint handling process through written submissions, WeChat official accounts, telephone or email, and we will conduct investigations for any suspected cases of bribery, corruption or other related misconduct or fraudulent activities. In cases where misconduct is found, we may take disciplinary actions as appropriate, report to the relevant regulatory authorities and/or initiate legal actions to recover any losses suffered by us as a result of such misconduct; and

(vi) we have established a set of rules to strictly prohibit our suppliers from offering any unauthorised payment, such as bribes, kickbacks, or benefit to our employees in order to secure or reward an improper benefit. If any misconduct, such as fraud or other illegal activities, is identified, it will be deemed as a material breach under the agreement entered into between our suppliers and us. We also have required our employees to follow detailed procedures during various business activities and communications with our suppliers to avoid intentional and inadvertent bribery activities, including requests for quotations, evaluating and securing suppliers, receiving and evaluating price quotes, receiving materials.

During the Reporting Period, the Group's anti-corruption work had been satisfactory, and there was no negative incident.

B8. Community Investment

The Group is actively committed to corporate social responsibilities. The Group encourages the employees to participate in beneficial activities to make contribution to society. The Group will continue to make contributions to the community, pay attention to the society as well as the difficulties and needs of the underprivileged parties at all times, and actively reward to the society, with an aim to facilitating social harmony.

In the future, the Group will also adhere to carry out diversified public welfare activities through multiple channels.

V. REGULATORY COMPLIANCE

The Group observes closely the laws and regulations relevant to our businesses and makes efforts to meeting regulatory compliance. Regulatory frameworks within which the Group operates are analysed and monitored, internal policies are prepared and updated accordingly.

Tailor-made workshops are also conducted where necessary so as to strengthen the awareness and understanding of the internal controls and compliance procedures of the Group.

During the Reporting Period, the Group was not aware of any non-compliance with laws and regulations that have a significant impact on the Group relating to areas including environmental protection, employment and labour practices and operating practices.

VI. CONCLUSION

The Group has conducted the ESG report in accordance with the ESG Guide, all the information available for the Reporting Period are included in this ESG report. The Group strives to continue the ESG reporting on an annual basis and to improve on policies and procedures to the management, measurement and monitoring system of the ESG related strategies that will facilitate a more sustainable business growth.

APPENDIX: HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDELINES CONTENT INDEX

Environmental, Social and Governance Reporting Guidelines			Report Content
A. Environmental			
A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		A1. Emissions
	A1.1	The types of emissions and respective emissions data.	A1. Emissions
	A1.2	Deleted on 1 January 2025	/
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions
	A1.5	Description of emission target(s) set and steps taken to achieve them.	A1. Emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1. Emissions

Environmental, Social and Governance Reporting Guidelines			Report Content
A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		A2. Resource Utilization Management
	A2.1	Direct and/or indirect energy (e.g. electricity, gas or oil) consumption by type in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2. Resource Utilization Management
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A2. Resource Utilization Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Resource Utilization Management
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2. Resource Utilization Management
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		A3. The Environment and Natural Resources
	A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	A3. The Environment and Natural Resources
A4: Climate Change	Deleted on 1 January 2025		/
	A4.1	Deleted on 1 January 2025	/

<table>
<tr><th colspan="3">Environmental, Social and Governance Reporting Guidelines</th><th>Report Content</th></tr>
<tr><td colspan="4">B. Social</td></tr>
<tr><td colspan="4">Employment and Labour Practices</td></tr>
<tr><td rowspan="3">B1: Employment</td><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer.</td><td>B1. Employment</td></tr>
<tr><td>B1.1</td><td>Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.</td><td>B1. Employment</td></tr>
<tr><td>B1.2</td><td>Employee turnover rate by gender, age group and geographical region.</td><td>B1. Employment</td></tr>
<tr><td rowspan="4">B2: Health and Safety</td><td colspan="2">General Disclosure

Information on:

(a) the policies; and

(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.</td><td>B2. Health and Safety</td></tr>
<tr><td>B2.1</td><td>Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.</td><td>B2. Health and Safety</td></tr>
<tr><td>B2.2</td><td>Lost days due to work injury.</td><td>B2. Health and Safety</td></tr>
<tr><td>B2.3</td><td>Description of occupational health and safety measures adopted, and how they are implemented and monitored.</td><td>B2. Health and Safety</td></tr>
<tr><td rowspan="3">B3: Development and Training</td><td colspan="2">General Disclosure

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</td><td>B3. Development and Training</td></tr>
<tr><td>B3.1</td><td>The percentage of employees trained by gender and employee category (e.g. senior management, middle management).</td><td>B3. Development and Training</td></tr>
<tr><td>B3.2</td><td>The average training hours completed per employee by gender and employee category.</td><td>B3. Development and Training</td></tr>
</table>

Environmental, Social and Governance Reporting Guidelines			Report Content
B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		B4. Labour Standards
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standards
	B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standards
Operating Practices			
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		B5. Supply Chain Management
	B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management
B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		B6. Product Responsibility
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility

Environmental, Social and Governance Reporting Guidelines			Report Content
	B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility
	B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6. Product Responsibility
B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering.		B7. Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7. Anti-corruption
	B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption
Community			
B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its business activities take into consideration the communities' interests.		B8. Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Community Investment
	B8.2	Resources contributed (e.g. money or time) to the focus area.	B8. Community Investment

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
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TO THE SHAREHOLDERS OF RUNHUA LIVING SERVICE GROUP HOLDINGS LIMITED
(incorporated in the Cayman Island under the Companies Act of the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Runhua Living Service Group Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") set out on pages 92 to 178, 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 a material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), as applicable to audits of consolidated 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Recoverability of trade receivables

Refer to Note 21 to the consolidated financial statements and the relevant accounting policies.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2025, the carrying amount of trade receivables was amounted to approximately RMB268,484,000, net of impairment of approximately RMB3,523,000, which accounted for approximately 59.82% of the current assets of the Group. Management assessed the expected credit losses of trade receivables based on assumptions about expected credit loss rates. It involved significant judgments and estimates when management made these assumptions and selected the inputs to the impairment calculation, based on the Group's historical observed default rate, ageing profile of the receivables, existing market conditions as well as forward-looking estimates at the end of the reporting period.	Our audit procedures in relation to assessing the recoverability of trade receivables included: • Obtaining an understanding of how management assessed the expected credit losses for trade receivables; • Evaluating and testing the methodologies and data or parameters used by management, including historical loss information, and forward-looking factors; • Reviewing the ageing information of trade receivables on a sample basis; and • Inquiring of management for the status of each of the material trade receivables which were past due as at the year-end date.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, 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 THE DIRECTORS OF THE COMPANY AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- 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 consolidated financial statements. We are responsible for the direction, supervision and review of audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Lee Shun Ming.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming
Practising Certificate Number: P07068
Hong Kong
30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	*6*	**930,763**	903,691
Cost of services		**(803,124)**	(775,805)
Gross profit		**127,639**	127,886
Other income and gains and expenses, net	*6*	**9,144**	10,018
Selling and distribution expenses		**(735)**	(1,694)
Administrative expenses		**(78,417)**	(73,437)
Finance costs	*8*	**(8,744)**	(8,359)
Share of profit of associates		**6,758**	3,927
PROFIT BEFORE TAX	*7*	**55,645**	58,341
Income tax expense	*11*	**(9,325)**	(12,879)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**46,320**	45,462
Profit and total comprehensive income (expenses) attributable to:			
– Owners of the parent		**46,324**	45,558
– Non-controlling interests		**(4)**	(96)
		46,320	45,462
EARNINGS PER SHARE			
Basic and diluted (RMB)	*13*	**0.16**	0.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property and equipment	*14*	**21,036**	21,239
Investment properties	*15*	**53,629**	74,539
Other intangible assets	*17*	**1,436**	1,834
Investments in associates	*18*	**148,316**	140,216
Other receivables	*23*	**97,300**	2,300
Deferred tax assets	*20*	**11,029**	8,493
		332,746	248,621
CURRENT ASSETS			
Inventories	*19*	**124**	136
Trade and bill receivables	*21*	**272,433**	258,893
Contract assets	*22*	**23,744**	28,867
Prepayments and other receivables	*23*	**34,126**	25,651
Restricted deposits	*24*	**35,201**	6,045
Cash and cash equivalents	*24*	**83,184**	166,834
		448,812	486,426
CURRENT LIABILITIES			
Trade payables	*25*	**82,488**	85,177
Other payables and accruals	*26*	**102,214**	122,407
Interest-bearing borrowings	*27*	**86,481**	56,493
Lease liabilities	*16*	**17,498**	15,390
Tax payable		**15,234**	12,201
		303,915	291,668
NET CURRENT ASSETS		**144,897**	194,758
TOTAL ASSETS LESS CURRENT LIABILITIES		**477,643**	443,379

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing borrowings	*27*	**70,900**	52,843
Lease liabilities	*16*	**16,254**	35,289
Deferred tax liabilities	*20*	**2,208**	1,910
		89,362	90,042
NET ASSETS		**388,281**	353,337
EQUITY			
Share capital	*28*	**205**	205
Reserves	*30*	**387,885**	352,937
Equity attributable to owners of the Company		**388,090**	353,142
Non-controlling interests		**191**	195
TOTAL EQUITY		**388,281**	353,337

The consolidated financial statements on pages 92 to 178 were approved and authorised for issue by the board of directors on 30 March 2026 and are signed on its behalf by:

Yang Liqun
Director

Fei Zhongli
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

Year ended 31 December 2025

	Attributable to owners of the parent										
	Paid-in capital/ share capital RMB'000 *(note 28)*	Shares held for RSU Scheme* RMB'000 *(note 30)*	Share Premium reserve* RMB'000	Share based payment reserve* RMB'000 *(note 29)*	Merger reserve* RMB'000 *(note 30)*	Statutory reserve* RMB'000 *(note 30)*	Retained profits* RMB'000	Other reserve* RMB'000 *(note 30)*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2025	205	(1,200)	98,211	12,761	31,214	22,651	188,881	419	353,142	195	353,337
Profit (loss) for the year	–	–	–	–	–	–	46,324	–	46,324	(4)	46,320
Total comprehensive income (expense) for the year	–	–	–	–	–	–	46,324	–	46,324	(4)	46,320
Equity-settled share-based compensation	–	–	–	2,172	–	–	–	–	2,172	–	2,172
Dividend paid *(note 12)*	–	–	–	–	–	–	(13,548)	–	(13,548)	–	(13,548)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–
Transfer from retained profits	–	–	–	–	–	260	(260)	–	–	–	–
At 31 December 2025	205	(1,200)	98,211	14,933	31,214	22,911	221,397	419	388,090	191	388,281

Year ended 31 December 2024

	Attributable to owners of the parent										
	Paid-in capital/share capital RMB'000 *(note 28)*	Shares held for RSU Scheme* RMB'000 *(note 30)*	Share Premium reserve* RMB'000	Share based payment reserve* RMB'000 *(note 29)*	Merger reserve* RMB'000 *(note 30)*	Statutory reserve* RMB'000 *(note 30)*	Retained profits* RMB'000	Other reserve* RMB'000 *(note 30)*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2024	205	(1,200)	98,211	9,878	31,214	22,031	179,572	419	340,330	647	340,977
Profit (loss) for the year	–	–	–	–	–	–	45,558	–	45,558	(96)	45,462
Total comprehensive income (expense) for the year	–	–	–	–	–	–	45,558		45,558	(96)	45,462
Equity-settled share-based compensation	–	–	–	2,883	–	–	–	–	2,883	–	2,883
Dividend paid *(note 12)*	–	–	–	–	–	–	(35,629)	–	(35,629)	–	(35,629)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–		–	(356)	(356)
Transfer from retained profits	–	–	–	–	–	620	(620)	–	–	–	–
At 31 December 2024	205	(1,200)	98,211	12,761	31,214	22,651	188,881	419	353,142	195	353,337

* These reserve accounts comprise the consolidated reserves of RMB387,750,000 (2024: RMB352,937,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**55,645**	58,341
Adjustments for:		
Finance costs	**8,744**	8,359
Share of profit of associates	**(6,758)**	(3,927)
Bank interest income	**(237)**	(424)
Interest income from financial assets	**(37)**	(43)
Depreciation of property and equipment	**8,446**	5,457
Depreciation of investment properties	**18,855**	19,237
Amortisation of other intangible assets	**398**	407
Net loss on disposal of items of property and equipment	**261**	236
Gain on early termination of lease contract	**–**	(202)
Provision for (reversal of) impairment of trade receivables	**655**	(1,401)
Equity-settled share award expenses	**2,172**	2,883
Operating cash flows before movements in working capital	**88,144**	88,923
Increase in restricted deposits	**(29,156)**	(5,755)
Decrease in contract assets	**5,123**	1,354
Decrease (increase) in inventories	**12**	(25)
Increase in trade and bill receivables	**(14,195)**	(63,917))
(Increase) decrease in prepayments and other receivables	**(9,817)**	12,950
(Decrease) increase in trade payables	**(2,689)**	35,432
Decrease in other payables and accruals	**(20,193)**	(19,572)
Cash from operations	**17,229**	49,390
Income tax paid	**(8,530)**	(13,293)
Net cash from operating activities	**8,699**	36,097

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Interest received	237	424
Purchase of items of property and equipment	(9,583)	(8,251)
Proceeds from disposal of items of property and equipment	1,079	1,171
Deposits paid for the acquisitions of equity investment	(30,000)	–
Deposits paid for the acquisitions of investment properties	(65,000)	–
Purchase of investment properties	–	(5,041)
Interest from financial assets	37	43
Net cash used in investing activities	(103,230)	(11,654)
FINANCING ACTIVITIES		
Dividend paid	(13,548)	(35,629)
Dividends paid to non-controlling shareholders	–	(356)
Repayment of interest-bearing borrowings	(85,786)	(285,264)
New interest-bearing borrowings	133,831	290,000
Principal portion of lease payments	(14,872)	(13,338)
Interest paid	(8,744)	(8,359)
Net cash from (used in) financing activities	10,881	(52,946)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(83,650)	(28,503)
Cash and cash equivalents at beginning of year	166,834	195,337
CASH AND CASH EQUIVALENTS AT END OF YEAR	83,184	166,834
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	83,184	166,834

1. GENERAL

Runhua Living Service Group Holdings Limited (the "**Company**") is an exempted company with limited liability incorporated in the Cayman Islands under the Companies Act of the Cayman Islands. The registered office address of the Company is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands. The principal place of business is located at 6th Floor, Building No. 1 Lemeng Center, No. 28988 Jingshi Road, Jinan City, Shandong Province, the People's Republic of China (the "**PRC**"). In the opinion of the director of the Company, the ultimate holding company of the Company has changed from Springrain Investment Limited ("**Springrain Investment**"), a limited liability company incorporated in the British Virgin Islands ("**BVI**") to Sailing Investment International Limited, a limited liability company incorporated in the BVI.

The Company is an investment holding company. The Company's subsidiaries were involved in the provision of property management services, property engineering services and landscape construction services, leasing services from investment properties and other services in the PRC.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 17 January 2023.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

1. GENERAL (Continued)

The Company's principal subsidiaries are as follow:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2025 %	2024 %	**2025** %	2024 %	
Runhua Property Tech Inc	BVI 6 July 2020	USD50,000	**100**	100	**–**	–	Investment holding
Runhua Holdings Ltd.	Hong Kong 7 August 2020	HKD1	**–**	–	**100**	100	Investment holding
Shandong Runhua Property Development Co., Ltd. (山東潤華物業發展有限公司) *(i)*	PRC/Mainland China 25 September 2020	RMB35,000,000	**–**	–	**100**	100	Provision of property management service
Jinan Runwu Landscape Engineering Co., Ltd. (濟南潤物園林工程有限公司) *(i)*	PRC/Mainland China 24 March 2014	RMB20,000,000	**–**	–	**100**	100	Provision of landscape construction service
Shandong Runhua Property Management Co., Ltd. (山東潤華物業管理有限公司) *(i)*	PRC/Mainland China 14 February 1996	RMB50,500,000	**–**	–	**100**	100	Provision of property engineering service
Jinan Runwu Construction and Installation Engineering Co., Ltd. (濟南潤物建築安裝工程有限公司) *(i)*	PRC/Mainland China 21 May 2015	RMB20,000,000	**–**	–	**100**	100	Provision of property engineering service
Shandong Qiantai Commercial Management Co., Ltd. (山東乾泰商業管理有限公司) *(i)*	PRC/Mainland China 19 August 2015	RMB50,000,000	**–**	–	**100**	100	Provision of parking service
Shandong Anfu Security Service Co., Ltd. (山東安輔保安服務有限公司) *(i)*	PRC/Mainland China 13 January 2016	RMB20,000,000	**–**	–	**100**	100	Provision of parking service
Shandong Qianning Commercial Management Co., Ltd. (山東乾寧商業管理有限公司) *(i)*	PRC/Mainland China 29 February 2016	RMB50,000,000	**–**	–	**100**	100	Sale of general merchandise
Shandong Runhua Hospital Management Co., Ltd. (山東潤華醫院管理有限公司 舊稱：山東善佑物業經營管理有限公司) *(i)*	PRC/Mainland China 4 December 2017	RMB10,000,000	**–**	–	**100**	100	Provision of property management service
Shandong Anfu Electromechanical Equipment Co., Ltd. (山東安輔機電設備有限公司) *(i)*	PRC/Mainland China 7 May 2019	RMB10,000,000	**–**	–	**100**	100	Provision of elevator related service

1. GENERAL (Continued)

The Company's principal subsidiaries are as follow: (Continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			Direct		Indirect		
			2025	2024	**2025**	2024	
			%	%	**%**	%	
Shandong Runhua Health Industry Co., Ltd (山東潤華健康產業有限公司舊稱：山東安寧健康產業有限公司) *(i)*	PRC/Mainland China 3 May 2016	RMB3,000,000	**–**	–	**100**	100	Provision of housekeeping service
Shandong Kaidi Network and Information Technology Co., Ltd. (山東凱迪網絡信息技術有限公司) *(i)*	PRC/Mainland China 1 September 2000	RMB5,000,000	**–**	–	**100**	100	Provision of technological development services
Shandong Runhua Renfu Property Services Co., Ltd. (山東潤華仁孚物業服務有限公司) *(i)*	PRC/Mainland China 28 May 2020	RMB10,000,000	**–**	–	**80**	80	Provision of property management service
Shandong Yongyuan Property Management Co., Ltd. (山東永源物業管理有限公司) *(i)*	PRC/Mainland China 25 November 2020	RMB3,001,000	**–**	–	**65**	65	Provision of property management service
Shandong Shanyou Industrial Operation Service Co., Ltd (山東善佑產業運營服務有限公司)	PRC/Mainland China 29 March 2023	RMB40,000,000	**–**	–	**100**	100	Provision of property management service
Jinan Runhui Human Resources Service Co., Ltd. (濟南潤暉人力資源服務有限公司) *(i)*	PRC/Mainland China 23 August 2021	RMB5,000,000	**–**	–	**100**	100	Provision of human resources service

(i) Except for Shandong Runhua Property Development Co., Ltd., which is registered as a wholly-foreign-owned enterprise under the PRC law, the above subsidiaries are registered as domestic enterprises with limited liability under the PRC law.

The English names of the companies registered in the PRC represent the best efforts made by management of the Company in directly translating the Chinese names of these companies as no English names have been registered.

2. APPLICATION OF AMENDMENTS TO A HKFRS ACCOUNTING STANDARD

(a) Application of amendments to a HKFRS Accounting Standard

In the current year, the Group has applied, for the first time, the following amendments to a HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountant ("**HKICPA**") which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to HKAS 21 in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

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

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

HKFRS 18	Presentation and Disclosure in Financial Statements[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 Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[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 for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of the new and amendments to HKFRS Accounting Standards will have no material impact on the financial performance and the financial position of the Group.

2. APPLICATION OF AMENDMENTS TO A HKFRS ACCOUNTING STANDARD (Continued)

(b) New and amendments to HKFRS Accounting Standards issued but not yet effective (Continued)

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the HKFRS 18 is not expected to have material impact on the financial position of the Group. The directors are in the process of making an assessment of the impact of HKFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

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

The material accounting policies are set out below.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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, 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 (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. 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:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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.

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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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 Group had directly disposed of the related assets or liabilities.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates

An associate is an entity over which the Group has 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 of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 36 "Impairment of Assets" ("**HKAS 36**") are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of interests in the associate that are unrelated to the Group. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price of the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group recognised 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 customers.

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 same.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

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 or enhances an asset that the customer controls as the asset is created or enhanced; 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 goods or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group recognised revenue from the following major sources:

- Property management services
- Property engineering and landscape construction services
- Other services
- Rental income

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Property management services

Revenue from the provision of property management services is recognised over a scheduled period on a straight-line basis because the customer simultaneously receives the benefits provided by the Group.

Property engineering and landscape construction services

Revenue from the provision of property engineering and landscape construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service. The Group transfers control of a service over time if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;

(b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Other services

Revenue from other services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives the benefits provided by the Group. Certain revenue from some other services is recognised at the point when the control of the services is transferred to the customers.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

(a) *Lease liabilities*

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any incentives receivable;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leasing (Continued)

The Group as lessee (Continued)

(b) *Right-of-use assets*

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under HKAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line in the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within "investment properties".

The Group applies HKAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(a) *Sublease*

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies

The financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of certain overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Borrowing costs

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Taxation

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

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of relevant period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and the associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries and the associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or 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.

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

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property and equipment (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual value
Buildings	35 years	5%
Motor vehicles	4 years	5%
Electronic devices	3 years	5%
Furniture, fixtures and equipment	5 years	5%
Leasehold improvement	Over the shorter of the lease terms and 5 years	0%
Others	3 years	5%

Where parts of an item of property 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 item of property 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 in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs.

The Group measures its investment properties at cost, including related transaction costs. Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives of 6 to 35 years.

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 disposals. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Intangible assets (other than goodwill)

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 the acquisition. The useful lives of intangible assets are assessed to be finite. 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 an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years.

The intangible assets of the Group mainly consist of enterprise information management system, central delivery software, central medical waste management software and smart security community platform software. The intangible assets are estimated to have a useful life of 5 to 10 years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use. Cash equivalents are 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 for investment or other purposes.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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 marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss ("**FVTPL**").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

(a) *Financial assets at amortised cost (debt instruments)*

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(a) Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, 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. If, in subsequent reporting periods, 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.

Interest income is recognised in profit or loss and is included in the “other income and gains and expenses, net” line item.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

(b) *Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("**FVTOCI**") are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix 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 as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month 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 increase in the likelihood or risk of a default occurring since initial recognition.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(a) *Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 1 year past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(b) *Definition of default*

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

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 5 years past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(c) *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events 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; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(d) *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. 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. Any recoveries made are recognised in profit or loss.

(e) *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. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(e) Measurement and recognition of ECL (Continued)

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 "Leases".

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 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

(f) *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 party.

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

Financial liabilities and equity instruments

(a) *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade payables, other payables and interest-bearing bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

(a) *Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Share-based payments transactions

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is computed based on their most recent post-money valuations.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Share-based payments transactions (Continued)

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 outstanding restricted share unit scheme is reflected as additional share dilution in the computation of earnings per share.

Impairment of non-financial assets

At the end of the reporting period, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets), the asset's recoverable amount is estimated. The recoverable amount of property and equipment, right-of-use assets, investment properties and other intangible assets are estimated individually. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

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 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);
- (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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Fair value measurement

The Group measures its financial assets including financial assets at fair value through profit or loss 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 consolidated 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 their 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

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Fair value measurement (Continued)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing 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. At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of properties due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., one year) and there will be a significant negative effect on production if a replacement is not readily available.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are 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 resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product, consumer price index, deposit reserve ratio, inflation rate and rate of unemployment) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. As at 31 December 2025, the carrying amount of trade receivables was approximately RMB268,484,000 (2024: RMB258,166,000), net of allowance for impairment loss of approximately RMB3,523,000 (2024: RMB2,868,000). The information about the ECLs on the Group's trade receivables is disclosed in note 21.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity- specific estimates (such as the subsidiary's stand-alone credit rating). The carry amounts of the investment properties, right-of-use assets and lease liabilities as at 31 December 2025 and 2024 are set out in notes 15 and 16 to the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of property and equipment and investment properties

The Group assesses whether there are any indicators of impairment for property and equipment and investment properties at the end of each reporting period. Property and equipment and investment properties are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate to calculate the present value of those cash flows. The carrying amounts of property and equipment and investment properties as at 31 December 2025 and 2024 are set out in notes 14 and 15 to the consolidated financial statements respectively.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was approximately RMB8,585,000 (31 December 2024: RMB5,823,000). The amount of unrecognised tax losses at 31 December 2025 was nil (31 December 2024: RMB1,553,000). Further details are contained in note 20 to the consolidated financial statements.

5. OPERATING SEGMENT INFORMATION

Information reported to the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The directors of the Company have chosen to organise the Group around differences in services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

For management purposes, the Group has four reportable operating segments as follows:

- The property management services segment includes property management services and other related services.

- The property engineering and landscape construction services segment includes property engineering related services and landscape construction services.

- The leasing services from investment properties segment comprises, principally, investing in prime commercial space for its rental income potential.

- The others segment mainly includes (i) the technological development services which are mainly software supporting services and (ii) the intermediary services for patient nursing and post-natal caring services.

5. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. No analysis of segment assets and liabilities is presented as management does not regularly review such information for the purpose of resource allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Year ended 31 December 2025	Property management services RMB'000	Property engineering and landscape construction services RMB'000	Leasing services from investment properties RMB'000	Others RMB'000	Elimination of inter-segment sales RMB'000	Total RMB'000
Segment revenue *(note 6)*						
Sales to external customers	874,571	34,161	14,914	7,117	–	930,763
Inter-segment sales	7,929	1,689	–	198	(9,816)	
	882,500	35,850	14,914	7,315	(9,816)	930,763
Segment results	44,525	2,112	(353)	2,203	–	48,487
Reconciliation:						
Other income and gains and expenses, net						9,144
Share of profit of associates						6,758
Finance costs						(8,744)
Profit before tax						55,645

5. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2024	Property management services RMB'000	Property engineering and landscape construction services RMB'000	Leasing services from investment properties RMB'000	Others RMB'000	Elimination of inter-segment sales RMB'000	Total RMB'000
Segment revenue *(note 6)*						
Sales to external customers	841,828	35,007	20,961	5,895	–	903,691
Inter-segment sales	–	192	–	–	(192)	–
	841,828	35,199	20,961	5,895	(192)	903,691
Segment results	45,530	1,208	1,308	4,709	–	52,755
Reconciliation:						
Other income and gains and expenses, net						10,018
Share of profit of an associate						3,927
Finance costs						(8,359)
Profit before tax						58,341

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other income and gains and expenses, net, share of profit of associates, finance costs and listing expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Information about geographical areas

Since 100% of the Group's revenue and operating profit were generated from Mainland China and 100% of the Group's non-current assets other than financial instruments and deferred tax assets were located in Mainland China during the reporting period, no further geographical information of operating segments presented.

Information about major customers

The Group has a large number of customers, and none of the revenue from these customers accounted for 10% or more of the Group's revenue during the year (2024: Nil).

6. REVENUE, OTHER INCOME AND GAINS AND EXPENSES, NET

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15	**915,849**	882,730
Revenue from other sources:		
Gross rental income from investment properties operating leases	**14,914**	20,961
	930,763	903,691

Revenue from contracts with customers

(a) Disaggregated revenue information

Types of services	2025 RMB'000	2024 RMB'000
Property management services	**874,571**	841,828
Property engineering and landscape construction services	**34,161**	35,007
Others	**7,117**	5,895
Total revenue from contracts with customers within the scope of HKFRS 15	**915,849**	882,730
Timing of revenue recognition		
Services transferred overtime	**909,917**	881,449
At a point in time	**5,932**	1,281
	915,849	882,730

6. REVENUE, OTHER INCOME AND GAINS AND EXPENSES, NET (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognised in the reporting period that were included in the contract liabilities at the beginning of the reporting period:

Types of services	**2025** **RMB'000**	2024 RMB'000
Revenue recognised that was included in contract liabilities at beginning of the year		
Property management services	**18,185**	18,073
Property engineering and landscape construction services	**643**	1,468
Others	**1,732**	2,089
	20,560	21,630

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Property management services

The performance obligation is satisfied over time as services are rendered. Management service contracts are for periods of one to five years. The customer is billed based on the time when or before the services are provided.

Property engineering and landscape construction services

The performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

6. REVENUE, OTHER INCOME AND GAINS AND EXPENSES, NET (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

Other services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Other service contracts are for periods of one year or less, or are billed based on the time when the services are provided.

Transaction price allocated to the remaining performance obligations for contracts with customers

The transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period and the expected timing of recognition are, as follows:

	2025 RMB'000	2024 RMB'000
Within one year	795,848	804,467
After one year	115,690	70,435
	911,538	874,902

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to property management services, of which the performance obligations are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

6. REVENUE, OTHER INCOME AND GAINS AND EXPENSES, NET (Continued)

	2025 RMB'000	2024 RMB'000
Other income		
Government grants*	**5,469**	5,963
Bank interest income	**237**	424
Interest income from financial assets	**37**	43
	5,743	6,430
Gains and expenses		
Foreign exchange difference, net	**(578)**	2,502
Net loss on disposal of items of property and equipment	**(261)**	(236)
Gain on early termination of lease contract	**–**	202
Others	**4,240**	1,120
	3,401	3,588
	9,144	10,018

* Government grants include various subsidies received by the Group from the relevant government bodies. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Cost of services provided*	**485,015**	313,091
Depreciation of property and equipment	**8,446**	5,457
Depreciation of investment properties	**18,855**	19,237
Amortisation of other intangible assets**	**398**	407
Employee benefit expenses (including directors' and chief executive's remuneration *(note 9)*)		
Wages and salaries	**438,893**	439,523
Pension scheme contributions	**43,203**	44,061
Equity-settled share award expenses	**2,172**	2,883
Provision for (reversal of) impairment of trade receivables	**655**	(1,401)
Auditors' remuneration	**950**	950

* The amount of cost of services excludes those included in depreciation of property and equipment, depreciation of investment properties and employee benefit expenses, which are included in the respective total amounts disclosed separately above for each of these types of expenses during the year.

** The amortisation of other intangible assets during the reporting period is included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on interest-bearing borrowings	**6,894**	5,798
Interest on lease liabilities	**1,850**	2,561
	8,744	8,359

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	–	–
Other emoluments:		
Salaries, allowances and benefits in kind	606	800
Pension scheme contributions	81	82
Equity-settled share award expenses	960	8
	1,647	890

(a) Independent non-executive directors

There were no emoluments paid or payable to the independent non-executive directors during the year (2024: Nil).

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive

	Year ended 31 December 2025				
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award expenses RMB'000	Total RMB'000
Chairman of the Board and executive director:					
Mr. Yang Liqun	–	174	49	720	943
Chief Executive Officer and executive director:					
Mr. Fei Zhongli	–	432	32	240	704
Non-executive directors:					
Mr. Luan Tao	–	–	–	–	–
Mr. Cheng Xin	–	–	–	–	–
Mr. Luan Hangqian	–	–	–	–	–
Independent Non-executive directors					
Ms. Wang Yushuang *(note (i))*	–	–	–	–	–
Ms. Bao Ying *(note (ii))*	–	–	–	–	–
Ms. He Murong *(note (ii))*	–	–	–	–	–
	–	606	81	960	1,647

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

	Year ended 31 December 2024				
	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Equity-settled share award expenses RMB'000	Total RMB'000
Chairman of the Board and executive director:					
Mr. Yang Liqun	–	369	29	6	404
Chief Executive Officer and executive director:					
Mr. Fei Zhongli	–	431	53	2	486
Non-executive directors:					
Mr. Luan Tao	–	–	–	–	–
Mr. Cheng Xin	–	–	–	–	–
Mr. Luan Hangqian	–	–	–	–	–
Independent Non-executive directors					
Ms. Wang Yushuang *(note (i))*	–	–	–	–	–
Ms. Bao Ying	–	–	–	–	–
Ms. He Murong	–	–	–	–	–
Ms. Chen Haiping *(note (ii))*	–	–	–	–	–
	–	800	82	8	890

Notes:

(i) Ms. Wang Yushuang was appointed as an independent non-executive director of the Company on 15 July 2024.

(ii) Ms. Chen Haiping was resigned as an independent non-executive director of the Company on 15 July 2024.

None of the directors of the subsidiaries now comprising the Group and the Company waived or agreed to waive any emoluments paid by the Group during both years.

No emoluments were paid by the Group to any of the directors of the subsidiaries and the Company as an incentive payment for joining the Group or as compensation for loss of office for both years.

Executive directors of the Company received remuneration from the subsidiaries for services in connection with the management of affairs of the Group for both years.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: one director). Details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 **RMB'000**	2024 RMB'000
Salaries, allowances and benefits in kind	**1,371**	1,843
Pension scheme contributions	**100**	205
Equity-settled share award expenses	**–**	72
Performance related bonuses	**577**	–
	2,048	2,120

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees As at 31 December	
	2025	2024
Nil to HKD500,000	**–**	–
HKD500,001 to HKD1,000,000	**3**	4
	3	4

11. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
PRC Enterprise Income Tax ("EIT")		
Current tax	**10,088**	10,880
Under (over) provision in prior years	**575**	(1,020)
Withholding tax	**900**	3,000
	11,563	12,860
Deferred tax (note 20)	**(2,238)**	19
Total	**9,325**	12,879

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiary incorporated in the BVI are not subject to any income tax.

Under the Hong Kong tax laws, the Company's subsidiary in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before 1 April 2018. Starting from the financial year commencing on 1 April 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess of HKD2,000,000. No provision for Hong Kong profits tax was made for the year ended 31 December 2025 and 2024 on the basis that the subsidiary did not have any assessable profits arising in or derived from Hong Kong for both years.

In accordance with the PRC EIT, subsidiaries established in the PRC were subject to the income tax rate of 25% during the reporting period.

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

11. INCOME TAX EXPENSE (Continued)

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small Low-profit Enterprises (Announcement No. 13 2022 of the Ministry of Finance and the State Taxation Administration) jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2022 to 31 December 2025, for the portion of annual taxable income amount which exceeds RMB1 million but not more than RMB3 million, the taxable income amount is reduced at a rate of 25%, and it is subject to enterprise income tax at a rate of 20%.

According to the Announcement No.12 2021 and No.6 2023 of the Ministry of Finance and the State Taxation Administration jointly issued by the Ministry of Finance and the State Taxation Administration, during the period from 1 January 2021 to 31 December 2025, for the portion of annual taxable income amount which does not exceed RMB1 million, the taxable income amount is reduced at a rate of 12.5%, and it is subject to enterprise income tax at a rate of 20%. Certain of the Group's PRC subsidiaries and branches were qualified as small low-profit enterprises and thus were entitled to tax incentives for both years.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2025 **RMB'000**	2024 RMB'000
Profit before tax	**55,645**	58,341
Tax at the PRC corporate income tax rate of 25%	**13,911**	14,585
Effect of preferential tax rate of subsidiaries	**(2,985)**	(2,795)
Adjustments in respect of current tax of previous year	**575**	(1,020)
Expenses not deductible for tax	**906**	268
Profits attributable to an associate	**(1,690)**	(982)
Research and development super-deduction	**(267)**	(269)
Income not subject to tax	**(1,715)**	(18)
Tax losses not recognised	**–**	110
Withholding tax	**900**	3,000
Utilisation of tax losses not recognised	**(310)**	–
Tax charge at the Group's effective rate	**9,325**	12,879

The share of tax attributable to an associate during the year amounted to approximately RMB1,538,000 (2024: RMB1,349,000) is included in "share of profit of an associate" in the consolidated statement of profit or loss and other comprehensive income.

12. DIVIDENDS

During the year ended 31 December 2025, the Group has declared and paid a special dividend of HKD0.05 (2024: HKD0.13) per share with aggregate amount of HKD15,000,000 (approximately RMB13,548,000) (31 December 2024: HKD39,000,000 (approximately RMB35,629,000)). The board of directors does not recommend any payment of final dividend for the year ended 31 December 2025 (2024: Nil).

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Earnings:		
Profit attributable to ordinary equity holders of the parent	**46,324**	45,558

	2025 Number of Shares	2024 Number of Shares
Number of shares:		
Weighted average number of ordinary shares in issue during the year, used in the basic and diluted earnings per share calculation	**295,358,912**	294,430,694
Earnings per share		
Basic and diluted *(RMB)*	**0.16**	0.15

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2025 was 295,358,912 (2024: 294,430,694), representing the weighted average number of ordinary shares of the Company immediately after the capitalisation issue (as explained in note 28), as if all these shares had been in issue throughout the year ended 31 December 2025.

The computation of diluted earnings per share does not assume the exercise of the Company's share incentive schemes because the exercise price of those options was higher than the average market price for shares for both 2025 and 2024.

14. PROPERTY AND EQUIPMENT

	Buildings RMB'000	Electronic devices RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Others RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025						
Cost	6,648	4,426	22,265	1,652	2,940	37,931
Accumulated depreciation	(1,485)	(2,924)	(9,594)	(1,498)	(1,191)	(16,692)
Net carrying amount	5,163	1,502	12,671	154	1,749	21,239
At 1 January 2025, net of accumulated depreciation	5,163	1,502	12,671	154	1,749	21,239
Additions	–	1,395	7,004	174	1,010	9,583
Disposals	–	(20)	(1,317)	(3)	–	(1,340)
Depreciation provided during the year	(324)	(1,228)	(5,575)	(87)	(1,232)	(8,446)
At 31 December 2025, net of accumulated depreciation	4,839	1,649	12,783	238	1,527	21,036
At 31 December 2025						
Cost	6,374	5,620	27,952	1,643	3,950	45,539
Accumulated depreciation	(1,535)	(3,971)	(15,169)	(1,405)	(2,423)	(24,503)
Net carrying amount	4,839	1,649	12,783	238	1,527	21,036

14. PROPERTY AND EQUIPMENT (Continued)

	Buildings RMB'000	Electronic devices RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Others RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024						
Cost	6,648	4,175	21,169	1,851	2,940	36,783
Accumulated depreciation	(1,312)	(2,561)	(10,527)	(1,551)	(980)	(16,931)
Net carrying amount	5,336	1,614	10,642	300	1,960	19,852
At 1 January 2024, net of accumulated depreciation	5,336	1,614	10,642	300	1,960	19,852
Additions	–	772	6,060	–	1,419	8,251
Disposals	–	(34)	(937)	(6)	(430)	(1,407)
Depreciation provided during the year	(173)	(850)	(3,094)	(140)	(1,200)	(5,457)
At 31 December 2024, net of accumulated depreciation	5,163	1,502	12,671	154	1,749	21,239
At 31 December 2024						
Cost	6,648	4,426	22,265	1,652	2,940	37,931
Accumulated depreciation	(1,485)	(2,924)	(9,594)	(1,498)	(1,191)	(16,692)
Net carrying amount	5,163	1,502	12,671	154	1,749	21,239

As at 31 December 2024, the property and equipment with a net book value of approximately RMB4,203,000 were pledged to the bank for a loan amounting to RMB20,000,000 with an interest rate of 5.50% (2025: nil) (note 27).

As at 31 December 2024, the property and equipment with a net book value of approximately RMB10,167,000 were pledged to a financial institution, which is an independent third party, for a loan amounting to RMB6,936,000 guaranteed by the entity controlled by Mr. Luan Tao (2025: nil). The loan was due within two years with an interest rate of 3.48% (2025: nil) (note 27).

15. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	**74,539**	89,996
Additions resulting from leasehold improvement	**–**	5,041
Decrease resulting from reduction of lease payments	**(2,055)**	(188)
Early termination of lease contract	**–**	(1,073)
Depreciation	**(18,855)**	(19,237)
Carrying amount at 31 December	**53,629**	74,539

* As at 31 December 2025, the Group had not obtained the ownership certificates for certain car parking lots with a net book value of approximately RMB7,437,000 (2024: RMB8,045,000).

The Group's investment properties are measured using a cost model and depreciated to write off their costs net of estimated residual values over their estimated useful lives on a straight-line basis.

The Group's investment properties are located on the land in the PRC with a period of land use right from 20 to 40 years for self-owned properties.

The investment properties are leased to third parties and related parties under operating leases, further summary details of which are included in note 16. The carrying amount of the investment properties subleased or intended to be subleased at 31 December 2025 was approximately RMB35,191,000 (2024: RMB41,613,000).

As at 31 December 2024, investment properties with carrying amount of approximately RMB7,971,000 were pledged to the bank for a loan amounting to RMB20,000,000 within one year with an interest rate of 5.50% (2025: nil).

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

Fair values of the investment properties as at the end of reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Investment properties in the PRC	**60,323**	82,863

The fair values of the Group's investment properties as at the end of reporting period are determined by valuations conducted by an independent qualified professional valuer. Under the valuation models, market-based approach and a discounted cash flow method have been adopted for the properties.

The fair value estimations for the self-owned properties and leased properties were at Level 3 of the fair value hierarchy for both years.

16. LEASES

The Group as a lessee

The Group has lease contracts for commercial buildings and car parks. Leases of commercial buildings and car parks generally have lease terms between 1 year and 9 years.

(a) Right-of-use assets

All the right-of-use assets are classified as investment properties, detailed in note 15.

16. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities during the year are as follows:

	2025 RMB'000	2024 RMB'000
Non-current	**16,254**	35,289
Current	**17,498**	15,390
	33,752	50,679

The maturity analysis of lease liabilities is disclosed in note 36.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	**(1,850)**	(2,561)
Depreciation of investment properties	**(18,828)**	(16,213)
Expense relating to short-term leases	**(61)**	(46)
Gain on early termination	**–**	202
Income from subleasing right-of-use assets	**14,185**	18,567
Total amount recognised in profit or loss	**(6,554)**	(51)

16. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 15) consisting of 4 self-owned commercial properties (2024: 4) and 2 subleased commercial properties (2024: 2) located in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits, in addition, the rent is subject to periodic adjustments according to the then prevailing market conditions. During the year, rental income recognised by the Group was approximately RMB14,914,000 (2024: RMB20,961,000), details of which are included in note 6.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 **RMB'000**	2024 RMB'000
Within one year	**20,592**	17,380
After one year but within two years	**11,565**	19,060
After two years but within three years	**2,734**	15,821
After three years but within four years	**287**	1,429
After four years but within five years	**75**	1,429
After five years	**–**	714
	35,253	55,833

17. OTHER INTANGIBLE ASSETS

	Software RMB'000
31 December 2025	
At 1 January 2025:	
Cost	**4,921**
Accumulated amortisation	**(3,087)**
Net carrying amount	**1,834**
Cost at 1 January 2025, net of accumulated amortisation	**1,834**
Amortisation during the year	**(398)**
At 31 December 2025, net of accumulated amortisation	**1,436**
At 31 December 2025:	
Cost	**4,921**
Accumulated amortisation	**(3,485)**
Net carrying amount	**1,436**

	Software RMB'000
31 December 2024	
At 1 January 2024:	
Cost	4,921
Accumulated amortisation	(2,680)
Net carrying amount	2,241
Cost at 1 January 2024, net of accumulated amortisation	2,241
Amortisation during the year	(407)
At 31 December 2024, net of accumulated amortisation	1,834
At 31 December 2024:	
Cost	4,921
Accumulated amortisation	(3,087)
Net carrying amount	1,834

18. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets, net of dividends received	**64,071**	55,971
Goodwill on acquisition	**84,245**	84,245
Net carrying amount	**148,316**	140,216

At 31 December 2025 and 2024, the Group's associate is as follow:

Name	Place of registration and business	Paid-in capital	Percentage of ownership interest attributable to the Group	Principal activities
Tianjin Tianfu Property Management Co., Ltd. ("**Tianjin Tianfu**")	Tianjin	RMB6,000,000	41	Property management services
Yucheng High Tech Property Management Co., Ltd ("**Yucheng High Tech**") (incorporated on 29 February 2024)	Shandong	Nil	49	Property management services
Qingdao Kanghuaxin Hospital Management Co., Ltd (incorporated on 4 February 2024)	Shandong	Nil	49	Intermediary services for patient nursing and post-natal caring services

Tianjin Tianfu, which is considered a material associate of the Group, is engaged in property management services in Tianjin and is accounted for using the equity method.

18. INVESTMENTS IN ASSOCIATES (Continued)

The following table illustrates the summarised financial information in respect of Tianjin Tianfu reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	245,737	185,511
Non-current assets, excluding goodwill	105,573	103,459
Non-current liabilities	(323)	(323)
Current liabilities	(202,846)	(152,132)
Net assets	148,141	136,515
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	41%	41%
Group's share of net assets of the associate	60,738	55,971
Goodwill on acquisition	84,245	84,245
Carrying amount of the investment	144,983	140,216

	Year ended 31 December 2025 RMB'000	Year ended 31 December 2024 RMB'000
Revenue	339,125	317,436
Depreciation and amortisation	(3,338)	(5,045)
Tax	(3,752)	(3,290)
Profit and total comprehensive income for the year	11,626	9,578
Dividend receivable from the associate during the year	–	1,342

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Low value consumables	124	136

20. DEFERRED TAX

The movements in deferred tax assets and liabilities during the reporting period are as follows:

(a) Deferred tax assets

	Lease liabilities RMB'000	Accruals RMB'000	Impairment of financial assets RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2024	16,370	1,147	743	2,457	20,717
Deferred tax (charged)/ credited to the statement of profit or loss during the year	(3,700)	(1,147)	(340)	3,366	(1,821)
At 31 December 2024 and at 1 January 2025	**12,670**	**–**	**403**	**5,823**	**18,896**
Deferred tax (charged)/ credited to the statement of profit or loss during the year	**(4,232)**	**–**	**342**	**2,762**	**(1,128)**
At 31 December 2025	**8,438**	**–**	**745**	**8,585**	**17,768**

(b) Deferred tax liabilities

	Right-of-use assets RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Total RMB'000
At 1 January 2024 (restated)	(13,981)	(134)	(14,115)
Deferred tax credited/(charged) to the statement of profit or loss during the year	3,578	(1,776)	1,802
At 31 December 2024 and at 1 January 2025	**(10,403)**	**(1,910)**	**(12,313)**
Deferred tax credited/(charged) to the statement of profit or loss during the year	**3,664**	**(298)**	**3,366**
At 31 December 2025	**(6,739)**	**(2,208)**	**(8,947)**

20. DEFERRED TAX (Continued)

(b) Deferred tax liabilities (Continued)

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

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**11,029**	8,493
Net deferred tax liabilities recognised in the consolidated statement of financial position	**2,208**	1,910

As at 31 December 2025, the Group had estimated unused tax losses of approximately RMB35,494,000 (31 December 2024: RMB24,845,000), available for offset against future profits, among which RMB35,494,000 (31 December 2024: RMB23,292,000) of unused tax losses were recognised as deferred tax assets. No deferred tax asset has been recognised in relation to the remaining tax losses amounting to nil (31 December 2024: RMB1,553,000) as at 31 December 2024 due to the unpredictability of future profit streams. As at 31 December 2024, tax losses of RMB35,494,000 incurred by subsidiaries in the PRC (31 December 2024: RMB24,845,000) will expire in the next five years.

At 31 December 2025, the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries in Mainland China were approximately RMB247,160,000 (2024: RMB227,156,000). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future, therefore no deferred tax has been recognised for such unremitted earnings.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. TRADE AND BILL RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**272,007**	261,034
Bill receivables	**3,949**	727
	275,956	261,761
Impairment	**(3,523)**	(2,868)
	272,433	258,893

The Group's credit terms with its customers are mainly on credit. The credit period is generally within 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of approximately RMB52,234,000 as at 31 December 2025 (2024: RMB34,871,000), which are trade in nature, unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables, net of impairment, at the end of reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	**233,529**	241,704
1 to 2 years	**22,084**	9,193
Over 2 years	**12,871**	7,269
	268,484	258,166

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	**2,868**	4,269
Provision for impairment losses	**655**	–
Reversal of provision for impairment losses	**–**	(1,401)
	3,523	2,868

21. TRADE AND BILL RECEIVABLES (Continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the ageing on invoices for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of reporting period about past events, current conditions and forecasts of future economic conditions.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	2025		
	Expected credit loss rate	**Gross carrying amount RMB'000**	**Expected credit losses RMB'000**
Within 1 year	**–**	**233,529**	**–**
Over 1 year	**9.16%**	**38,478**	**3,523**
		272,007	**3,523**

	2024		
	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Within 1 year	–	241,704	–
Over 1 year	14.84%	19,330	2,868
		261,034	2,868

All the bill receivables are due within one year. The loss allowance was assessed to be minimal.

22. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contract assets arising from:		
Construction services	**23,744**	28,867

As at 1 January 2024, contract assets amounted to RMB30,221,000. Contract assets are initially recognised for revenue earned from the construction services as the receipt of consideration is conditional on successful completion of construction. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The Group's trading terms and credit policy with customers are disclosed in note 21.

Contract assets do not have recent history of default. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

The expected timing of recovery or settlement for contract assets is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	**23,744**	28,867

23. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Current			
Prepayments to suppliers		**5,231**	2,748
Deposits and other receivables		**28,895**	21,561
Dividend received from an associate		**–**	1,342
		34,126	25,651
Non-current			
Other receivables	*(a)*	**97,300**	2,300

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

(a) Other receivables mainly include the deposits paid to related parties in relation to the acquisitions of equity investment and investment properties amounted to RMB30,000,000 and RMB65,000,000 respectively. The acquisition of equity investment and part of acquisition of investment properties had been cancelled and the deposits of RMB80,000,000 in aggregate had been refunded to the Group in January 2026.

24. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**118,385**	172,879
Less:		
Restricted time deposits	**(35,201)**	(6,045)
Cash and cash equivalents	**83,184**	166,834

At the end of the reporting period, the cash and bank balances of the Group denominated in HKD amounted to approximately RMB24,903,000 (2024: RMB25,701,000).

The RMB 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 RMB for other currencies through banks authorised to conduct foreign exchange business.

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 one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and restricted deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, the certificates of deposit with a carrying amount of RMB4,000,000 (2024: RMB4,000,000) were secured to the bank for a loan amounting to RMB17,000,000 (2024: RMB19,000,000) with an interest rate of 5.67% (2024: 5.67%) (note 27).

As at 31 December 2025, the certificates of deposits with a carrying amount of RMB30,000,000 (2024: nil) were secured to the bank for a loan amounting to RMB26,900,000 (2024: nil) with an interest rate of 3.40% (2024: nil) (note 27).

25. TRADE PAYABLES

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

	2025 RMB'000	2024 RMB'000
Within 3 months	**73,778**	74,134
3 to 6 months	**3,896**	3,968
6 months to 1 year	**645**	2,391
Over 1 year	**4,169**	4,684
	82,488	85,177

Trade payables are unsecured, non-interest-bearing and normally settled on terms of less than 90 days.

26. OTHER PAYABLES AND ACCRUALS

	Notes	2025 RMB'000	2024 RMB'000
Current			
Contract liabilities	*(a)*	**20,182**	20,560
Deposits	*(b)*	**6,485**	7,790
Staff payroll and welfare payables		**55,544**	56,971
Payables to the then equity holder of subsidiaries		**1,620**	1,620
Other tax payable		**12,759**	13,200
Receipts on behalf of customers and others		**2,507**	18,117
Receipts in advance		**3,117**	4,149
		102,214	122,407

(a) Details of contract liabilities are as follows:

	2025 RMB'000	2024 RMB'000
Short-term advances received from customers		
Property management services	**16,775**	18,185
Property engineering services	**1,093**	643
Others	**2,314**	1,732
Total contract liabilities	**20,182**	20,560

As at 1 January 2024, contract liabilities amounted to RMB21,630,000. Contract liabilities include short-term advances received to render management services, installation and construction. The decrease in contract liabilities in 2025 was mainly due to the decrease in number of construction projects during the year.

(b) Deposits mainly represent deposits from customers at the end of reporting period.

Other payables are unsecured, interest-free and repayable on demand.

27. INTEREST-BEARING BORROWINGS

		2025			2024		
	Notes	**Effective interest rate (%)**	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current							
Bank loans							
– guaranteed	*(a)*	**3.3-4.00**	**2026**	**60,000**	4.30-5.60	2025	20,000
– unsecured	*(b)*	**3.40-3.55**	**2026**	**12,031**	–	–	–
– secured	*(g)*	**–**	**–**	**–**	5.50	2025	20,000
Current portion of long-term bank loans							
– secured and guaranteed	*(c)*	**5.67**	**2026**	**2,000**	5.67	2025	2,000
– guaranteed	*(d)*	**3.50**	**2026**	**11,150**	–	–	–
– secured	*(e)*	**3.40**	**2026**	**200**	–	–	–
– secured	*(i)*	**–**	**–**	**–**	LPR	2025	11,150
– mortgage and guaranteed	*(f)*	**4.50-5.40**	**2026**	**1,100**	–	–	–
Other loans							
– secured and guaranteed	*(h)*	**–**	**–**	**–**	3.48	2025	3,343
				86,481			56,493
Non-current							
Bank loans							
– secured and guaranteed	*(c)*	**5.67**	**2027***	**15,000**	5.67	2027*	17,000
– secured and guaranteed	*(f)*	**4.50-5.40**	**2027**	**18,100**	–	–	–
– guaranteed	*(d)*	**3.50**	**2027**	**11,100**	5.40	2027	10,000
– secured	*(d)*	**3.40**	**2027***	**200**	–	–	–
– secured	*(e)*	**3.40**	**2028***	**26,500**	–	–	–
– secured	*(i)*	**–**	**–**	**–**	LPR	2027*	22,250
Other loans							
– secured and guaranteed	*(h)*	**–**	**–**	**–**	3.48	2026*	3,593
				70,900			52,843
				157,381			109,336

* The loan is repaid by installments latest to maturity year.

27. INTEREST-BEARING BORROWINGS (Continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	86,481	53,150
In the second year	44,400	13,150
In the third to fifth years, inclusive	26,500	36,100
	157,381	102,400
Other loans repayable:		
Within one year	–	3,343
In the second year	–	3,593
	–	6,936
	157,381	109,336

(a) Certain of the Group's bank loans are guaranteed by:

i. a subsidiary of the Company and Mr. Luan Tao (2024: the Company). The loan had an aggregate carrying value as at 31 December 2025 amounting to RMB20,000,000 (2024: RMB10,000,000) and the loan is due within one year with an interest rate of 3.30% (2024: 5.60%).

ii. a subsidiary of the Company. The loan had an aggregate carrying value as at 31 December 2025 amounting to RMB10,000,000 (2024: RMB10,000,000) and the loan is due within one year with an interest rate of 3.8% (2024: 4.30%).

iii. Mr. Luan Tao. The loan had an aggregate carrying value as at 31 December 2025 amounting to RMB30,000,000. The loan is due within one year with an interest rate of 4.00% (2024: nil).

(b) As at 31 December 2025, Group's loan amounted to RMB9,950,000 and the loan is due within one year with an interest rate of 3.40% (2024: nil).

As at 31 December 2025, Group's loan amounted to RMB2,081,000 and the loan is due within one year with an interest rate of 3.55% (2024: nil).

27. INTEREST-BEARING BORROWINGS (Continued)

(c) As at 31 December 2025, certain of the Group's bank loans amounting to RMB17,000,000 (2024: RMB19,000,000) were guaranteed by a subsidiary of the Company and secured by certificates of deposit amounting to RMB4,000,000 owned by the Group. The loan is settled by instalments and due within two years (2024: three years) with an interest rate of 5.67% (2024: 5.67%).

(d) Certain of the Group's bank loans are guaranteed by a subsidiary of the Company and Mr. Luan Tao (2024: a subsidiary of the Company). The loan had an aggregate carrying value as at 31 December 2025 amounting to RMB22,250,000 (2024: RMB10,000,000). The loan is settled by instalments and due within two years (2024: three years) with an interest rate of 3.50% (2024: 5.4%).

(e) As at 31 December 2025, Group's bank loans amounting to RMB26,900,000 were secured by certificates of deposit amounting to RMB30,000,000 owned by the Group. The interest rate shall be adjusted on 30 June of each calendar year by reference to the corresponding change of the most recent LPR before the adjustment date. The loan is settled by instalments and due within three years with an interest rate of 3.40% (2024: nil).

(f) As at 31 December 2025, Group's bank loans amounting to RMB9,500,000 were guaranteed by a subsidiary of the Company and the entity controlled by Mr. Luan Tao and Mr. Luan Tao and secured by a property owned by the entity controlled by Mr. Luan Tao. The loan is settled by instalments and due within two years with an interest rate of 5.4% (2024: nil).

As at 31 December 2025, Group's bank loans amounting to RMB9,700,000 were guaranteed by a subsidiary of the Company and the entity controlled by Mr. Luan Tao and Mr. Luan Tao and secured by a property owned by the entity controlled by Mr. Luan Tao. The loan is settled by instalments and due within two years with an interest rate of 4.50% (2024: nil).

(g) As at 31 December 2024, the loan amounted to RMB20,000,000 were secured by the property and equipment with carrying amount of approximately RMB4,203,000 and investment properties with carrying amount of approximately RMB7,971,000 (2025: nil). The loan was due within one year with an interest rate of 5.50% (2025: nil).

(h) As at 31 December 2024, the loan had an aggregate carrying value amounting to RMB6,936,000 was secured by property and equipment with a net book value of approximately RMB10,167,000 and guaranteed by the entity controlled by Mr. Luan Tao (2025: nil). The loan was from a financial institution, an independent third party. The loan was settled by instalments and due within two years with an interest rate of 3.48% (2025: nil).

(i) As at 31 December 2024, Group's bank loans amounting to RMB33,400,000 were secured by the shares of the associate, bore interest at 5 year PRC Loan Prime Rate ("**LPR**") (2025: nil). The interest rate shall be adjusted on 30 June of each calendar year by reference to the corresponding change of the most recent LPR before the adjustment date (2025: nil). The loan was settled by instalments and due within three years (2025: nil).

28. SHARE CAPITAL

Shares

	2025	2024
Authorised (number of shares) Ordinary shares of USD0.0001	**500,000,000**	500,000,000
Issued and paid (number of shares) Ordinary shares of USD0.0001	**300,000,000**	300,000,000

As at 31 December 2025, the total number of ordinary shares of the Company was 300,000,000 (2024: 300,000,000), which included 5,569,306 (2024: 5,569,306) treasury shares held and issued under the Pre-IPO restricted share unit scheme ("**RSU Scheme**") of the Group adopted on 14 December 2022.

29. SHARE INCENTIVE SCHEMES

The 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme

The Group adopted a share incentive scheme by setting up an investment vehicle to invest in the holding company for the purpose of providing incentives and rewards to eligible persons (including the Company's directors and employees of the Group and other eligible participants as defined under the 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme) who contribute to the success of the Group's operations.

The 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme became effective in January 2016, March 2017 and March 2020 respectively and remained in force for 8 years from that date until January 2024, March 2025 and March 2028 respectively. The share incentive schemes were divided into 5 equal series with the vesting period of 4 years, 5 years, 6 years, 7 years and 8 years.

1,800,000 shares, 1,100,100 shares and 1,502,250 shares of the then holding company were granted to a total of 11, 3 and 17 employees (including directors) of the Group under the 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme respectively.

In preparation for the listing of the Company's shares on the Stock Exchange, the Group went through a corporate reorganisation (the "**Reorganisation**"). As part of the Reorganisation, the Company was incorporated in the Cayman Islands on 30 June 2020. The Company subsequently became the holding company of the Group. In connection with the above restructuring, the Company replaced the 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme with the new share incentive scheme (the "**Replaced Incentive Scheme**"), which was approved by a board resolution of the Company on 30 June 2020.

Except for the change of shares from the then holding company to the Company and the share split on the Reorganisation, the Replaced Incentive Scheme was exactly the same as the 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme and was treated as a replacement as there was no incremental fair value of shares granted arising from the replacement. The number of shares granted increased as one share was split into four shares upon the Reorganisation and the exercise prices were changed to reflect the share split accordingly.

29. SHARE INCENTIVE SCHEMES (Continued)

The 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme (Continued)

Shares confer dividend rights and voting rights.

	2025		2024	
	Weighted average subscription price RMB per share	**Number of shares**	Weighted average subscription price RMB per share	Number of shares
At 1 January	**1.70**	**6,007,200**	1.23	11,793,000
Vested during the year	**1.25**	**(2,401,800)**	0.74	(5,785,800)
At 31 December	**2.00**	**3,605,400**	1.70	6,007,200

The fair values of the 2016 Share Incentive Scheme, 2017 Share Incentive Scheme and 2020 Share Incentive Scheme were RMB3.7 per share, RMB5 per share and RMB8 per share, respectively, as at the grant date. The Group recognised share-based payments expenses of RMB1,992,000 during the year (2024: RMB2,703,000).

The fair value of equity-settled share schemes granted was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the schemes were granted.

The Pre-IPO restricted share unit scheme

On 20 December 2022, the board of directors resolved and adopted the Pre-IPO RSU Scheme. Pursuant to the resolution above, 5,000,000 shares were granted to the Group's employees and the exercise price of all RSUs was HKD1.50 per share. The Pre-IPO RSU is conditional on the grantee completing five years' service and can be converted into one ordinary share upon vesting.

The fair value of Pre-IPO RSU Share Incentive Scheme was RMB898,000 as at the grant date. The Group recognised share-based payment expenses of approximately RMB180,000 during the year (2024: RMB180,000).

Movements in the number of RSUs outstanding are as follows:

	Number of shares
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	**5,000,000**

The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the date of grant.

30. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in the consolidated financial statements.

(i) Statutory reserve

In accordance with the Company Law of the People's Republic of China, the companies in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

(ii) Merger reserve

The merger reserve of the Group represents the capital contributions from the then equity holders of the subsidiaries. The additions in prior years represent the injections of additional paid-in capital by the equity holders of the subsidiaries to the respective companies. The deductions in prior years represent the acquisitions of paid-in capital of the subsidiaries by the Group from the Controlling Shareholders which are accounted for as distributions to the Controlling Shareholders and the acquisition of Shandong Kaidi Network and Information Technology Co., Ltd ("**Shandong Kaidi**") from a company controlled by Mr. Luan Tao. The acquisition of Shandong Kaidi was accounted for as a business combination under common control using the principle of merger accounting.

(iii) Shares held for RSU scheme

One employee resigned in 2020, and Mr. Luan Hangqian purchased the employee's shares on behalf of the Company and reserved them for the Pre-IPO RSU incentive schemes. The Pre-IPO RSU were granted on 20 December 2022.

(iv) Other reserve

The COVID-19 rental concession was granted by an entity controlled by Mr. Luan Tao. Such rental concession was regarded as a contribution to the Group and the Group regarded this transaction as an equity transaction and recorded it into other reserve.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

Save as disclosed below, the Group had no other non-cash transactions incurred for both years.

(b) Changes in liabilities arising from financing activities

	Interest-bearing borrowing RMB'000	Lease liabilities RMB'000
At 1 January 2024	104,600	65,480
Changes from financing cash flows	(1,062)	(15,899)
Early termination of lease contract	–	(1,275)
Decrease resulting from reduction of lease payments	–	(188)
Interest expense *(note 8)*	5,798	2,561
At 31 December 2024 and 1 January 2025	**109,336**	**50,679**
Changes from financing cash flows	**41,151**	**(16,722)**
Decrease resulting from reduction of lease payments	**–**	**(2,055)**
Interest expense *(note 8)*	**6,894**	**1,850**
At 31 December 2025	**157,381**	**33,752**

(c) Total cash outflow for leases

	2025 RMB'000	2024 RMB'000
Within operating activities	**61**	46
Within financing activities	**16,722**	15,899
	16,783	15,945

32. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in notes 14, 15 and 24 respectively, to the financial statements.

33. RELATED PARTY TRANSACTIONS

Mr. Luan Tao, Mr. Luan Hangqian and Ms. Liang Yuefeng entered into a concert party agreement, pursuant to which they acknowledged and confirmed that they had been acting in concert in exercising their rights as shareholders of Shandong Runhua Property Management Co., Ltd. before entering into the agreement, and agreed to continue the same going forward. Mr. Luan Hangqian and Ms. Liang Yuefeng will be subject to Mr. Luan Tao's decision when there is divergence.

Mr. Luan Tao	The controlling shareholder
Ms. Liang Yuefeng	The wife of the controlling shareholder
Mr. Luan Hangqian	The son of the controlling shareholder

(a) The Group had the following transactions with related parties:

	Notes	2025 RMB'000	2024 RMB'000
Services rendered to related parties			
Entities controlled by Mr. Luan Tao:			
Providing leasing services	*(i)*	171	171
Providing property engineering services and landscape construction services	*(i), (ii)*	125	726
Providing property management	*(i), (ii)*	17,612	23,866
Others	*(i)*	–	671
Entities controlled by Mr. Luan Hangqian:			
Providing property engineering services and landscape construction services	*(i), (ii)*	2,417	1,193
Providing property management	*(i), (ii)*	4,910	13,622
Others	*(i)*	135	59
Entities controlled by Mr. Luan Tao and Mr. Luan Hangqian:			
Providing property management	*(i), (ii)*	181	276
Tianjin Tianfu			
Providing property engineering services and landscape construction services	*(i)*	1,689	106
Others	*(i)*	198	39
		27,438	40,729

33. RELATED PARTY TRANSACTIONS (Continued)

(a) The Group had the following transactions with related parties: (Continued)

	Notes	2025 RMB'000	2024 RMB'000
Purchases from related parties			
Entities controlled by Mr. Luan Tao:			
Receiving leasing services	*(i)*	**1,187**	1,490
Yucheng High Tech			
Receiving human resource service	*(i)*	**1,924**	–
		3,111	1,490

(i) The prices for the above service fees and other transactions were determined in accordance with similar terms offered to third party customers.

(ii) These transactions are regarded as disclosable continuing connected transactions, pursuant to Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in the annual report.

(iii) An entity controlled by Mr. Luan Tao granted the Group a license to use certain trademarks owned by the entity (the "**Licensed Trademarks**") in the PRC on a royalty-free basis during the years ended 31 December 2025 and 2024. The Group entered into a three-year trademark licensing agreement with the entity in 2021 and renewed a six-year agreement with the entity in 2025 on a royalty-free basis respectively.

(b) Compensation of key management personnel of the Group

Compensation for key management other than those for directors as disclosed in note 9 is set out below:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**2,305**	2,234
Pension scheme contributions	**165**	258
Performance related bonuses	**577**	–
Equity-settled share award expenses	**–**	72
	3,047	2,564

33. RELATED PARTY TRANSACTIONS (Continued)

(c) Outstanding balances of related parties

Details of the Group's trade receivables as at the end of reporting period are included in note 21.

The related party transactions in respect of services rendered to related parties of the Group above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Details of the Group's prepayments and other receivables as at the end of reporting period are included in note 23 in which the related parties are controlled by Mr. Luan Hangqian.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

31 December 2025

Financial assets

	Financial assets at amortised cost RMB'000
Trade and bill receivables	272,433
Deposits and other receivables	126,195
Restricted deposits	35,201
Cash and cash equivalents	83,184
	517,013

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	82,488
Other payables	8,105
Interest-bearing borrowings	157,381
	247,974

34. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2024

Financial assets

	Financial assets at amortised cost RMB'000
Trade and bill receivables	258,893
Deposits and other receivables	25,203
Restricted deposits	6,045
Cash and cash equivalents	166,834
	456,975

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	85,177
Other payables	9,410
Interest-bearing borrowings	109,336
	203,923

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted deposits, trade receivables, financial assets included in other receivables, short-term interest-bearing borrowings, trade payables, financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Management has assessed that the fair values of non-current portion of other receivables, interest-bearing borrowings by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value of non-current portion of other receivables is insignificant, the non-current portion of borrowings bearing interest at floating rates approximate to their carrying amounts, as the carrying amounts are discounted using the relevant effective interest rates floated yearly which approximated to the prevailing borrowing rates.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value management of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

Fair value hierarchy

The carrying amounts and fair values of the Group's non-current financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts As at 31 December		Fair values As at 31 December	
	2025 **RMB'000**	2024 RMB'000	**2025** **RMB'000**	2024 RMB'000
Financial assets				
Other receivables	**67,300**	2,300	**67,300**	2,300
Financial liabilities				
Interest-bearing borrowings	**70,900**	52,843	**70,900**	52,843

The Group did not hold any financial assets and liabilities measured at fair value as at 31 December 2025 and 2024.

The fair value measurement hierarchy of the non-current portion of other receivables and other assets, interest-bearing bank borrowings are level 2 by using significant observable inputs.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, deposits and other receivables, restricted deposits, cash and cash equivalents, trade and other payables and interest-bearing bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The management considers the Group is not exposed to significant foreign currency risk as majority of its operations and transactions are denominated in the functional currency of the Company and its subsidiaries. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in related to fixed rate borrowings (note 27). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to cash flow interest rate risk in relation to variable rate borrowings (note 27). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk at and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort as at 31 December. The amounts presented are gross carrying amounts for financial assets.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure to credit risk at and year-end staging (Continued)

31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Simplified approach RMB'000**	**Total RMB'000**
Trade receivables*	**–**	**–**	**–**	**272,007**	**272,007**
Contract assets*	**–**	**–**	**–**	**23,744**	**23,744**
Bill receivable	**3,949**	**–**	**–**	**–**	**3,949**
Deposits and other receivables	**126,195**	**–**	**–**	**–**	**126,195**
Restricted deposits	**35,201**	**–**	**–**	**–**	**35,201**
Cash and cash equivalents	**83,184**	**–**	**–**	**–**	**83,184**
	248,529	**–**	**–**	**295,751**	**544,280**

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	261,034	261,034
Contract assets*	–	–	–	28,867	28,867
Bill receivable	727	–	–	–	727
Deposits and other receivables	25,203	–	–	–	25,203
Restricted deposits	6,045	–	–	–	6,045
Cash and cash equivalents	166,834	–	–	–	166,834
	198,809	–	–	289,901	488,710

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 21 and 22.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2025

	Less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	**78,319**	**4,169**	**82,488**
Other payables	**8,105**	**–**	**8,105**
Interest-bearing borrowings	**90,060**	**72,497**	**162,557**
	176,484	**76,666**	**253,150**
Lease liabilities	**18,666**	**16,634**	**35,300**

31 December 2024

	Less than 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
Trade payables	80,493	4,684	85,177
Other payables	9,410	–	9,410
Interest-bearing borrowings	59,907	55,681	115,588
	149,810	60,365	210,715
Lease liabilities	17,380	37,023	54,403

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is total debt divided by the total assets. Total debt includes current liabilities and non-current liabilities. Total assets include current assets and non-current assets.

	2025 **RMB'000**	2024 RMB'000
Total debt	**393,277**	381,710
Total assets	**781,558**	735,047
Gearing ratio	**50.32%**	51.93%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Non-current assets		
Investment in subsidiaries	**74,628**	74,628
Current assets		
Prepayments and other receivables	–	408
Cash and cash equivalents	**21,813**	22,533
	21,813	22,941
Current liabilities		
Tax payable	**12**	12
Amounts due to subsidiaries	**23,425**	26,896
	23,437	26,908
Net current liabilities	**(1,624)**	(3,967)
Net assets	**73,004**	70,661
Equity		
Share capital	**205**	205
Reserves	**72,799**	70,456
Total equity	**73,004**	70,661

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Shares held for RSU Scheme RMB'000	Share premium reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
At 1 January 2024	(1,200)	98,211	186	(21,452)	75,745
Total comprehensive income for the year	–	–	–	30,159	30,159
Dividend paid	–	–	–	(35,628)	(35,628)
Equity-settled share-based compensation	–	–	180	–	180
At 31 December 2024 and 1 January 2025	(1,200)	98,211	366	(26,921)	70,456
Total comprehensive income for the year	–	–	–	15,711	15,711
Dividend paid	–	–	–	(13,548)	(13,548)
Equity-settled share-based compensation	–	–	180	–	180
At 31 December 2025	**(1,200)**	**98,211**	**546**	**(24,758)**	**72,799**