



**經發物業**  
KINGFAR PROPERTY

西安經發物業股份有限公司  
Xi'an Kingfar Property Services Co., Ltd.



*Annual Report*  
**2025**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wu Suozheng (*Chairman*)  
Mr. Sun Qi  
Mr. Cheng Hongrang

### Non-executive Directors

Mr. Zhao Junping  
Mr. Yang Gang  
Ms. Li Lingxiao

### Independent Non-executive Directors

Mr. Lam Siu Wing  
Dr. Jiang Li  
Mr. Cao Yang

### SUPERVISORS *(abolished on 22 October 2025)*

Mr. Li Gang *(removed on 22 October 2025)*  
Mr. Bai Xiong *(removed on 22 October 2025)*  
Mr. Geng Hexiang *(removed on 22 October 2025)*

## JOINT COMPANY SECRETARIES

Mr. Li Xiuyuan  
Ms. Leung Shui Bing

## AUTHORISED REPRESENTATIVES

Mr. Wu Suozheng  
Ms. Leung Shui Bing

## AUDIT COMMITTEE

Mr. Lam Siu Wing (*Chairman*)  
Mr. Yang Gang  
Mr. Cao Yang

## REMUNERATION COMMITTEE

Mr. Cao Yang (*Chairman*)  
Dr. Jiang Li  
Ms. Li Lingxiao

## NOMINATION COMMITTEE

Mr. Wu Suozheng (*Chairman*)  
Mr. Cao Yang  
Dr. Jiang Li

## HEADQUARTERS IN THE PRC

Room 10701, Unit 1, Building 3  
Xi'an Financial Innovation Center  
No. 51 Fengcheng Second Road  
Economic and Technological Development Zone  
Xi'an, Shaanxi  
PRC

## REGISTERED OFFICE IN THE PRC

Room 10701, Unit 1, Building 3  
Xi'an Financial Innovation Center  
No. 51 Fengcheng Second Road  
Economic and Technological Development Zone  
Xi'an, Shaanxi  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## H SHARE REGISTRAR

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

## LEGAL ADVISORS

*As to Hong Kong law*  
**Eric Chow & Co.**  
**in Association with Commerce & Finance Law Offices**  
3401, Alexandra House  
18 Chater Road  
Central  
Hong Kong

*As to PRC law*  
**Beijing Grandway Law Offices**  
7/F, News Building  
No. 26, Jianguomen Inner Street  
Dongcheng District  
Beijing  
PRC

### COMPLIANCE ADVISOR

**CEB International Capital Corporation Limited**

34/F–35/F, Everbright Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

### AUDITOR

**SHINEWING (HK) CPA Limited**

17/F, Chubb Tower, Windsor House  
311 Gloucester Road  
Causeway Bay, Hong Kong

### PRINCIPAL BANKS

**Bank of China Limited**

Xi'an Wenjing Road Branch  
No. 88 Wenjing Road  
Weiyang District  
Xi'an, Shaanxi  
PRC

**China Merchants Bank Co., Ltd.**

Xi'an Chengbei Branch  
No. 132 Weiyang Road  
Weiyang District  
Xi'an, Shaanxi  
PRC

### COMPANY'S WEBSITE

[www.xajfwy.com](http://www.xajfwy.com)

### STOCK CODE

1354

# CORPORATE MILESTONES

## 22 JANUARY 2025

Kingfar Property was honored with the "Development Contribution Award" by Xi'an Kingfar Group.



## 10 MARCH 2025

The "Convenient Property Viewing, Livable Xi'an: Crossing Mountains and Seas, Striving for Innovation" Xi'an Real Estate Enterprise Alliance Northwest Region Promotion Kickoff Ceremony and the 11th Xi'an Real Estate Annual Charity Gala, hosted by Xi'an Broadcasting Corporation's Livable Xi'an, was successfully held. Kingfar Property was honored as the "2024 Shaanxi Public Welfare Image Property Unit".



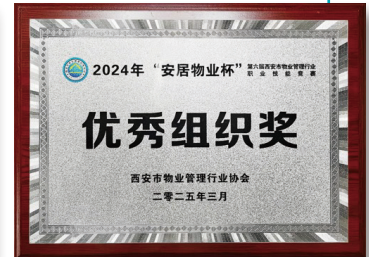
## 17 MARCH 2025

The Xi'an Housing and Urban-Rural Development Bureau officially released the results of the 2024 Property Service Industry Credit Information Evaluation. Kingfar Property topped the credit information rankings, marking the ninth consecutive year since 2016 that Kingfar Property has received this honor.



## 25 MARCH 2025

The Fourth Plenary Session of the Third Membership (Representative) Assembly of the Xi'an Property Management Industry Association and the High-Quality Development Exchange Conference were successfully held. Kingfar Property was honored with the "Outstanding Organization Award" at the Sixth Xi'an Property Management Industry Vocational Skills Competition and recognized as an "Outstanding Member Unit" by the Xi'an Property Management Industry Association for the year 2024.



## IN APRIL 2025

Kingfar Property was successfully elected as a council member of the China Property Management Institute for its sixth term.



## 23 APRIL 2025

The 2025 Third China Catering • Xi'an Summit convened, with Kingfar Property honored as the "2025 Northwest Catering Excellence Brand".



## 25 APRIL 2025

The 5th China Group Meal Expo was held, where Kingfar Property was honored as one of the "2025 Top 100 Group Meal Service Enterprises".



## 18 APRIL 2025

The "2025 TOP100 Property Management Companies in China Research Findings Release Conference and the 18th TOP100 Property Service Entrepreneurs Forum in China", hosted by the China Index Academy and organized by its China Real Estate Top10 Research Group and China Property Service Index System, concluded in Beijing. Kingfar Property was honored as both a "2025 TOP100 Property Management Companies in China" and a "2025 TOP100 Property Management Companies in China with Leading Customer Satisfaction".



## 25 APRIL 2025

The "2025 Property Service in China and Brand Value Research Findings Release Conference", guided by the China Property Management Institute and hosted by CRIC Property Management, grandly commenced in Nanjing. Kingfar Property was honored with the following awards: "2025 Top 100 Property Service Companies in China", "2025 Top 100 of Most Valuable Brand of China Property Management Service", "2025 Top 20 Branded Property Management Companies in Northwest China", "2025 Top 30 Residential Property Service Enterprises in China", "2025 Leading China Property Service Quality Enterprise", "2025 China Property Service Enterprise with Premium Service System", and "2025 Top 30 Office Property Service Enterprises in China".



# CORPORATE MILESTONES

## IN MAY 2025

Kingfar Property was honored with three awards by CPM Think Tank: “2025 Top 100 Property Management Companies in China (Ranked 41st)”, “2025 Top 100 State-owned Property Management Companies in China (Ranked 29th)”, and “2025 Top 20 Property Management Companies in Northwest China”.



## IN MAY 2025

Kingfar Property was honored with the “2025 China TOP 10 Listed Property Management Companies in terms of Growth Potential” and “2025 China Excellent Listed Property Management Company by Investment Value” awards by China Index Academy.



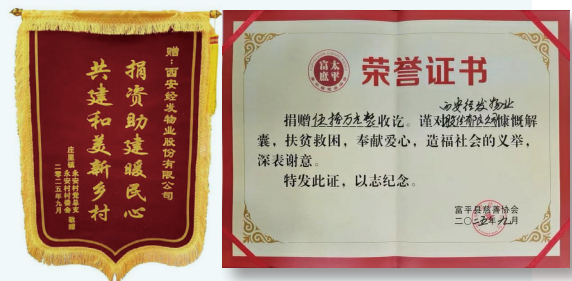
## 11 SEPTEMBER 2025

The “2025 China Real Estate Brand Value Research Findings Release Conference and the 22nd China Real Estate Brand Development Forum” was held in Beijing. The event was hosted by the China Enterprise Evaluation Association, Tsinghua University Real Estate Research Institute, and China Index Academy, with its China Real Estate Top10 Research Group serving as the organizer. Kingfar Property was honored with the following awards: “2025 China Leading Brand Enterprise in Professionalized Property Service Operations”, “2025 China Leading Brand Enterprise in Standardized Property Service Operations”, and “2025 China Distinctive Brand Enterprise in Property Services – Smart Property Operations”.



## 24 SEPTEMBER 2025

Xi'an Kingfar Property donated RMB500,000 to the Fuping County Charity Association to specifically support the rural revitalization efforts in Yong'an Village, Zhuangli Town, Fuping County. In recognition of this donation, the head of the Fuping County Charity Association and the Party Branch Secretary of Yong'an Village jointly held a gratitude ceremony. They presented Kingfar Property with a certificate of honor and a banner inscribed with “Donations Warm Hearts, Jointly Building a Harmonious New Rural Community”.



## IN OCTOBER 2025

Xi'an Kingfar Facilities & Equipment Smart Management Co., Ltd. (hereinafter referred to as "Kingfar Smart"), a wholly-owned subsidiary of Kingfar Property, successfully obtained ISO41001:2018 Facility Management System Certificate and received the certification issued by an internationally recognized certification body.



## 2 DECEMBER 2025

The 2025 China Property High-Quality Service Capability and Specialized Research Findings were unveiled in Shenzhen. Kingfar Property was honored with the following awards: "2025 Leading Companies of China in Urban Operation Service", "2025 Leading Companies of China in Facility Management", "2025 Top 10 Residential Property Management Brands in Xi'an", and "2025 Top 10 Public Property Management Brands in Xi'an".



## IN DECEMBER

China Index Academy released its 2025 major regional property services market positioning research findings. Kingfar Property's residential project under management – Baihualinxi – was honored as the "2025 Quality Property Management Model Residential Community in Xi'an", while its commercial and office project – Baihualin Financial Innovation Center – was recognized as the "2025 Quality Property Management Model Commercial Building in Shaanxi Province".



## ON 25 DECEMBER 2025

The Shaanxi Property Management Institute convened its Third Session of the Third Members' Congress. Kingfar Property was honored with the title of "2025 Outstanding Brand Enterprise in Industrial Park Property Management" by the Shaanxi Property Management Institute.



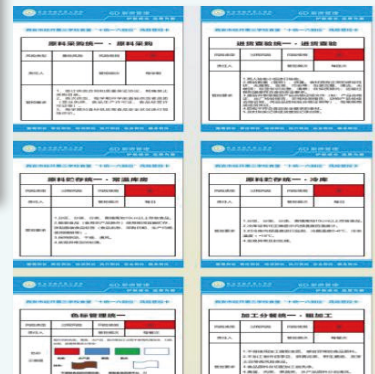
# CORPORATE MILESTONES

## IN APRIL 2025

The development of operational guidelines for three major sectors – schools, industrial parks, and office buildings – has commenced. In May, demand research was conducted based on business format differences. The framework design, initial draft preparation, and multiple rounds of review for three operational guidelines were completed, culminating in the final release of the documents. Subsequently, regional training sessions were organized and pilot operations were initiated. By compiling an evaluation report based on lessons learned from the pilot phase, practical insights were provided to support subsequent optimization and full-scale implementation. This effectively facilitated the standardization and normalization of service operations across three sectors.



The “Campus Meals” project was launched in 2025. Beginning in June, efforts commenced to establish a stable and professional service team. From 13 July to 25 July, the inaugural “Campus Meals” team training session was held, featuring specialized training. In August, the “Compilation of Regulations for Kingfar Property Catering Branch’s Campus Meals” was completed, ensuring food safety preparations were finalized prior to service launch. On 1 September, the program officially commenced, providing meals to 24 cafeterias across 21 primary and secondary schools in the Economic and Technological Development Zone”, serving more than 60,000 students and staff daily.





# CHAIRMAN'S STATEMENT

Dear Shareholders, partners, and all staff,

Hello, everyone!

On the occasion of the release of the 2025 Annual Report by Xi'an Kingfar Property Services Co., Ltd. (the "**Company**" or "**Kingfar Property**", together with its subsidiaries, collectively referred to as the "**Group**"), I would like to extend, on behalf of the Board, our most sincere gratitude to our shareholders, customers, and partners for their continued trust and support, as well as to all Kingfar Property employees for their dedicated service.

2025, which has just passed, was a pivotal year that bridged the past and paved the way for the future. As we entered the Lunar Year of the Bing-Wu Horse together, we moved forward with the vigor of a galloping steed, staying true to our original aspirations and forging ahead with determination amid a complex and ever-changing economic and market environment. The Group has consistently upheld its core value of "serving people". By steadily deepening the scope of our services and expanding our market reach, we have solidified our leading position in the property services sector. Building on this year's significant improvement in performance compared to the same period last year, we have laid an even stronger foundation for sustainable development in the future.

## 1. Looking back at 2025, forging ahead with solidified foundation

In 2025, the Group closely adhered to its strategic plan and achieved encouraging performance in the following areas:

### (1) Returning to the essence of service, enriching the experience through innovation

We always believe that the essence of property management lies in "serving people". Meeting and exceeding our clients' needs is the starting point and ultimate goal of everything we do. In 2025, we launched a series of innovative client-centric initiatives:

**Demand-driven service design:** no matter how the market changes, service remains the cornerstone of us. In 2025, we clearly articulated our core philosophy of "returning to serving people", adhering to a customer-driven approach and driving the evolution of services from "standardization" toward "personalization" and "innovation". By gaining a deep understanding of the pain points and needs of clients across various industries, we have innovatively launched a range of distinctive service offerings.

**Empowerment of technology towards improvement of service efficiency:** we are driving fundamental transformation in our services through digital transformation, which centers on two aspects: firstly, enhancing the customer experience through intelligent solutions; secondly, improving management efficiency through informatization.

In terms of the development of smart property management, we are committed to transforming technology into warm services. By continuously upgrading the "Kingfar e-Home" platform, we integrate services, social interactions, and lifestyle resources to build an online community ecosystem. The goal is not merely about convenience, but also for the foresight and personalization – the system proactively alerts for potential equipment issues and intelligently plans service routes, transforming a safe, efficient, and tidy environment into a form of silent care. This shifts service from a "reactive" approach to "proactive" awareness, deeply integrating into and enhancing residents' quality of life.

In terms of information-based management, we have established a data-driven refined operational system. Through the IoT and big data platforms, we have fully uploaded and digitized staff movements, equipment status, and service processes. This not only to enable real-time monitoring and optimization of operational processes, but also provide a scientific basis for decision-making regarding service quality, response efficiency, and resource allocation, thereby ensuring that both personnel and tasks are visible, controllable, and optimizable, laying a solid foundation for standardized, high-quality service delivery.



## CHAIRMAN'S STATEMENT

**Innovative service highlights and reputation:** we encourage projects to create distinctive brand events centered around themes such as festival culture, community service, and healthy living. In 2025, we upgraded the IP of "Neighborhood Festival" to foster a warmer sense of community; for public construction projects, we provided customized facility and equipment management and event services, etc. By creating a series of highlights of services, we have truly put ourselves in our customers' shoes and addressed their most pressing needs. Through service experiences that exceed expectations, we have earned our customers' trust and built reputation, thereby establishing a solid competitive advantage for the Company's growth.

### (2) **Market expansion steady with improvements, excellent performance in niche sectors**

Against the backdrop of increasingly fierce competition in the residential property market, we have proactively sought change by shifting the focus of our market expansion toward high-value, high-retention public construction sectors. In 2025, the Group made breakthrough progress in market expansion, with particularly strong performance in the area of military procurement. Leveraging our exceptional service quality, rigorous management practices, and the credibility that comes with our state-owned background, we have successfully secured contracts for property service projects at several key military units and their supporting facilities. The breakthrough in military procurement not only provides the Company with a stable source of revenue but also significantly enhances Kingfar Property's brand image and social influence. It marks a solid step forward in our expansion into non-residential sectors and has provided valuable experience for undertaking more high-end public construction projects in the future.

### (3) **Thriving of catering business, focusing on both social responsibility and operational efficiency**

Our group catering business, particularly the campus dining segment, experienced rapid growth and a significant leap in quality in 2025. The Group has consistently adhered to the two core principles of "food safety" and "nutrition and health", establishing a high-standard supply chain system and comprehensively enhancing the quality of our catering services. Throughout the year, we provided high-quality, safe, and delicious campus dining services to more than 60,000 teachers and students. Through our strict quality control measures, we have earned high praise from schools, parents, and the wider community. The outstanding performance of the catering business has not only become a new source of profit growth for the Company, but also underscores Kingfar Property's responsibility commitment to city services and social welfare sector.

### (4) **Deepening talent empowerment, boosting vitality of organization**

Talent is the most valuable resource for corporate development. In 2025, we placed our talent strategy at the center of our efforts, continuously improving mechanisms for cultivating, utilizing, and motivating talent to provide sustained momentum for high-quality development.

The Group has established the "Jingfa Workshop" ("菁發工坊") key talent development system, which empowers the management pipeline through targeted, tiered programs such as the manager trainee program and the new supervisor program; at the same time, we conducted a series of training sessions for all staff to enhance service capabilities, strengthening the professional foundation and service mindset of our frontline teams. With a training participation rate exceeding 90% for the year, we have solidified our talent base.

In terms of motivation and development, we have optimized our evaluation and incentive schemes which aligns to business performance and customer satisfaction, thereby strengthening performance-oriented approach. We have also expanded diverse career development pathways to ensure that talented and high-performing employees receive commensurate rewards and opportunities for growth. This has helped foster team cohesion, boost productivity, and ensure the organization's vitality and core competitiveness.

Dear friends, our achievements in 2025 would not have been possible without the trust of every shareholder, the choice of every client, the support of every partner, and, above all, the hard work and intelligent dedication of every member of the Kingfar Property. I would like to take this opportunity to once again express my heartfelt gratitude to all of you.

### 2. Looking ahead, riding the trend and creating value together

As we enter 2026, we are facing a new era marked by both opportunities and challenges. The deepening of urbanization, upgrading for the need of high quality of life of residents, and the transformation of traditional industries driven by technology have all opened up vast opportunities for growth in the property service industry. Guided by our development mission of “striving tirelessly for you a better quality of life”, the Group will focus on the following areas and seize the momentum to move forward:

#### (1) Deepening digital transformation, building a new ecosystem for smart services

We will further increase investment in technology to promote the deep integration of technologies such as the IoT, AI and big data into property service scenarios. Our goal is to build a smarter, more connected, and more efficient “Smart Kingfar” platform. This is not only an upgrade to our internal management tools, but also a revolution in our customer-facing service model. We are committed to implementing predictive maintenance for facilities and equipment, refined control over energy management, and intelligent detection and immediate response to customer needs, ultimately creating a safe, convenient, comfortable, and energy-efficient smart living and working environment for our customers.

#### (2) Strengthening core strengths and expanding into high-value markets

We will continue to strengthen the foundation of our residential property services, standardize and modularize the service innovation experiences from 2025 for rapid replication and promotion, and continuously improve customer satisfaction and collection rates. At the same time, we will focus on key areas to achieve breakthroughs:

**Expanding and strengthening specialized niche markets:** We summarize and promote successful experiences from military procurement projects to establish replicable “military procurement service standards”, with the aim of building a stronger competitive advantage and brand barriers in this specific sector. We will continue to focus on non-residential sectors with high professional requirements, such as campuses, hospitals, and industrial parks, providing integrated, customized comprehensive facility management solutions.

**Promoting the branding and industrialization of the group catering business:** Building on the proven success of our current campus dining model, we will expand into areas such as corporate headquarters and large institutional cafeterias. We will strengthen the R&D and production capabilities of the central kitchen, explore the green supply chain from farm to table, and, at the appropriate time, explore new business such as semi-prepared and pre-washed vegetables and branded food products for home, with the aim of establishing “Kingfar Catering” as a well-known and trusted regional food service brand.

#### (3) Exploring the “Property+” community ecosystem, extending the service value chain

We will actively explore a “property services + lifestyle services” model centered on the communities and clients we serve. While continuing to provide high-quality basic property management services, we will prudently explore and pilot value-added services such as community retail, housekeeping services, asset management, daycare for seniors, and after-school care for children, where permitted by policy and in response to customer needs. Our goal is not only to expand our business scope, rather, we aim to leverage property as a bond of trust to integrate high-quality resources and build a symbiotic, mutually beneficial community service ecosystem. This will create more diverse value for our clients while opening up new growth opportunities for the Group.

### (4) Committed to a talent-driven approach, building an exceptional organization

Ultimately, future competition boils down to a competition for talent. We will continue to optimize our full-cycle talent management system, which encompasses recruitment, deployment, development, and retention. We will not only recruit versatile talent from outside who possess an internet mindset and cross-industry experience, but we will also place greater emphasis on cultivating key internal personnel who embrace Kingfar's culture and demonstrate growth potential. We will foster a more open, inclusive, and innovative organizational culture that allows employees who take responsibility and embrace innovation to stand out. Through continuous empowering talent, we will build an exceptional team that is highly capable, united in its values, and forward-looking.

A galloping horse chasing the wind displays its vigour; a winter plum braving the snow reveals its resilience. Dear shareholders and friends, as we stand at this new starting point in 2026, I am full of confidence in the future of Kingfar Property. This confidence stems from our unwavering commitment to our original mission of "service", from our courage to innovate continuously, from the support of our outstanding team, and above all, from the deep bonds of friendship we've built by working hand in hand with each of you.

The Board and management will continue to fulfill their duties with a strong sense of responsibility and mission, striving for excellence, seizing development opportunities, actively addressing various challenges, and dedicating to enhancing the Company's value, so as to reward our shareholders' long-term support and trust with even better performance. Let us work together with one heart, embark on a new journey, and jointly create new glories!

Thank you, everyone!

**Wu Suozheng**  
*Chairman of the Board*  
25 March 2026

# FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	<b>1,049,218</b>	951,527
Gross profit	<b>162,240</b>	143,220
Gross profit margin	<b>15.5%</b>	15.1%
Profit for the year	<b>66,188</b>	61,092
Net profit margin	<b>6.3%</b>	6.4%
Profit attributable to owners of the Company	<b>63,948</b>	59,031
Basic earnings per share ( <i>RMB per share</i> )	<b>0.96</b>	1.01

For the year ended 31 December 2025, the total revenue of the Group was approximately RMB1,049.2 million, representing an increase of approximately 10.3% from approximately RMB951.5 million for the year ended 31 December 2024.

For the year ended 31 December 2025, the gross profit of the Group was approximately RMB162.2 million, representing an increase of approximately 13.3% from approximately RMB143.2 million for the year ended 31 December 2024. The Group's gross profit margin was approximately 15.5%, representing an increase of approximately 0.4% as compared with the gross profit margin of approximately 15.1% for the year ended 31 December 2024.

For the year ended 31 December 2025, the profit of the Group was approximately RMB66.2 million, representing an increase of approximately 8.3% from approximately RMB61.1 million for the year ended 31 December 2024.

As at 31 December 2025, the Group had a total contracted area of approximately 32.4 million sq.m., with an area under management of approximately 31.9 million sq.m..

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The Group is a state-owned comprehensive city service and property management service provider in Shaanxi Province with presence in Northwest China. The Group has, through over 20 years of development, established an important market position and built a renowned brand in the city service and property management industry in Shaanxi Province. Leveraging the market position of the Group in Shaanxi Province, the Group has also expanded its footprint to Northwest China. Currently, the operations of the Group had covered Xi'an, Tongchuan, Hancheng and Shihezi.

The H Shares were listed on the Main Board of the Stock Exchange on 3 July 2024 by way of Global Offering.

The table below sets forth (i) the Group's three primary business lines; (ii) the major services that the Group provided under each business line; (iii) the types of properties to which the Group provided services under each business line; and (iv) the major customers of each business line during the Reporting Period:

Business Lines	Major Services	Property Profile	Major Customers
<b>City Services</b>	Public property management services	Public properties, such as government buildings, education institutes and hospitals	Government agencies and public authorities
	Municipal management services	Municipal properties, such as public facility and infrastructure	
	Municipal value-added services	Government buildings	
<b>Residential Property Management Services</b>	Basic property management services	Residential properties	Property developers, property owners and residents
	Value-added services		
<b>Commercial Property Management Services</b>	Basic property management services	Office buildings, industrial parks and factories	Property developers, property owners and tenants
	Value-added services		

As at 31 December 2025, the Group was contracted to provide public property management services, basic residential property management services and basic commercial property management services to 201 projects in China, with a total contracted area of approximately 32.4 million sq.m. (comprising total contracted outdoor area of approximately 12.7 million sq.m. and total contracted indoor GFA of approximately 19.7 million sq.m.) and an area under management of approximately 31.9 million sq.m.(comprising total outdoor area under management of approximately 12.7 million sq.m. and total indoor GFA under management of approximately 19.2 million sq.m.).

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Reporting Period, the Group derived its revenue primarily from three business lines, namely, (i) city services; (ii) residential property management services; and (iii) commercial property management services.

### Portfolio of Properties under Management

The following table sets forth the number of projects and area under the Group's management for city services, residential property management services and commercial property management services by business line as at the dates indicated:

	As at 31 December			
	2025 Number of projects	Area under management sq.m.'000 (Note 1)	2024 Number of projects	Area under management sq.m.'000 (Note 1)
City services	117	20,553 (Note 2)	99	18,913 (Note 3)
Residential property management services	42	7,987	31	7,355
Commercial property management services	42	3,335	39	3,787
<b>Total</b>	<b>201</b>	<b>31,875</b>	169	30,055

Notes:

- (1) For city services, this covers both outdoor area under management and indoor GFA under management; for residential property management services and commercial property management services, this refers to indoor GFA under management.
- (2) Comprising total outdoor area under management of approximately 12,707,000 sq.m. and total indoor GFA under management of approximately 7,846,000 sq.m..
- (3) Comprising total outdoor area under management of approximately 12,707,000 sq.m. and total indoor GFA under management of approximately 6,206,000 sq.m..

### City Services

The Group commenced its city services in 2004. The Group primarily provides city services to government agencies and public authorities to improve the local environment and local residents' living experience. The city services of the Group primarily include: (i) public property management services, under which the Group provides cleaning, security, as well as common area facility repair and maintenance services to public properties, such as government buildings, education institutes and hospitals; (ii) municipal management services, under which the Group provides (a) cleaning and maintenance services for public facility and infrastructure, such as city roads, overpasses, underpasses and public lavatories; (b) municipal waste collection services through the waste compression stations that the Group operated; and (c) household garbage collection services to enterprises, residential communities, government agencies and public authorities; and (iii) municipal value-added services, which comprise catering services, public parking management services and commissioned administrative services.

#### Public Property Management Services

The Group provides property management services, including cleaning, security as well as common area facility repair and maintenance services, to public properties, such as government buildings, education institutes and hospitals.

As at 31 December 2025, the Group provided public property management services to 117 public properties with a total area under management of approximately 20.6 million sq.m., including a total area of buildings of approximately 7.9 million sq.m. and an area of common area of approximately 12.7 million sq.m..



# MANAGEMENT DISCUSSION AND ANALYSIS

## **Municipal Management Services**

The municipal management services of the Group include (i) cleaning and maintenance services to ensure the cleanliness and normal operations of the public facility and infrastructure under the Group's management, including city roads, overpasses, underpasses and public lavatories; (ii) municipal waste collection services, under which the Group collects, transports, sorts, compresses and disposes municipal waste which primarily include trash, garbage and solid waste discarded by the public, through three waste compression stations that the Group operates as at 31 December 2025; and (iii) household garbage collection services, under which the Group collects, transports and disposes household garbage from enterprises, residential communities, government agencies and public authorities in Xi'an as at 31 December 2025.

## **Municipal Value-Added Services**

The Group provides a wide range of municipal value-added services, which comprise (i) commissioned administrative services where the Group is commissioned by government agencies to provide certain administrative services in the city halls and town halls to local citizens on their behalf; (ii) catering services where the Group provides catering services by preparing main courses and side dishes for its customers' regular group meals; and (iii) public parking management services where the Group was commissioned to manage street parking spaces in Jingkai District and the parking spaces located in public facility, and to collect parking fees.

## **Residential Property Management Services**

The Group provides property developers, property owners and residents with a wide range of residential property management services, which comprise (i) basic property management services, including cleaning services, security services, common area facility repair and maintenance services and pre-delivery services; and (ii) value-added services, including private parking management services, sales office management services, catering services and other services.

As at 31 December 2025, the Group provided basic residential property management services to 42 residential properties with a total GFA under management of approximately 8.0 million sq.m..

## **Commercial Property Management Services**

The Group provides property developers, property owners and tenants of commercial properties, including office buildings and industrial parks, with a wide range of commercial property management services, which comprise (i) basic property management services, including cleaning services, security services, common area facility repair and maintenance services and pre-delivery services; and (ii) value-added services, including private parking management services, sales office management services, catering services and other services.

As at 31 December 2025, the Group provided basic commercial property management services to 42 commercial properties with a total GFA under management of approximately 3.3 million sq.m..

## **OUTLOOK**

In 2026, the Group will seize strategic opportunities by pursuing both scale expansion and quality enhancement. Through multiple drivers such as project development, mergers and acquisitions, and joint ventures, we will comprehensively optimize regional deployment, significantly enhance market share, and strengthen brand influence. At the same time, we will deepen the construction of a standardized service system to empower customer value with exceptional experiences.

In terms of business development, the Group will firmly adhere to a market oriented approach, accurately identify industry trends, and flexibly adjust business strategies. We will actively build a diversified revenue structure, with a particular focus on IFM (Integrated Facility Management) and catering services as the "second growth curve", exploring innovative business models to achieve synergies among business segments and optimize resource allocation.

Furthermore, the Group will be committed to building a well structured and highly qualified talent pipeline, continuously upgrading the talent development ecosystem. We will remain dedicated to shaping the core values of our brand, fulfilling social responsibilities with high quality services, comprehensively enhancing brand awareness and reputation, thereby strengthening market influence and consolidating customer loyalty.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of the Group's revenue by business line for the years indicated:

	Year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
<b>City services</b>	<b>654,749</b>	<b>62.4</b>	594,309	62.5
– Public property management services	<b>334,031</b>	<b>31.8</b>	327,703	34.4
– Municipal management services	<b>191,620</b>	<b>18.3</b>	191,857	20.2
– Municipal value-added services	<b>129,098</b>	<b>12.3</b>	74,749	7.9
<b>Residential property management services</b>	<b>229,020</b>	<b>21.8</b>	200,914	21.1
– Basic residential property management services	<b>146,537</b>	<b>14.0</b>	133,244	14.0
– Residential value-added services	<b>82,483</b>	<b>7.8</b>	67,670	7.1
<b>Commercial property management services</b>	<b>162,431</b>	<b>15.5</b>	153,056	16.1
– Basic commercial property management services	<b>120,833</b>	<b>11.5</b>	116,042	12.2
– Commercial value-added services	<b>41,598</b>	<b>4.0</b>	37,014	3.9
Others <sup>(Note)</sup>	<b>3,018</b>	<b>0.3</b>	3,248	0.3
<b>Total</b>	<b>1,049,218</b>	<b>100.0</b>	951,527	100.0

Note: Represents rental income derived from leasing an investment property and certain vehicles owned by the Group.

Revenue of the Group increased by approximately 10.3% from approximately RMB951.5 million for the year ended 31 December 2024 to approximately RMB1,049.2 million for the Reporting Period, mainly reflecting the following:

- (i) revenue from city services increased by approximately 10.2% from approximately RMB594.3 million for the year ended 31 December 2024 to approximately RMB654.7 million for the Reporting Period, primarily due to the increase in the GFA under management and the number of public projects managed by the Group;
- (ii) revenue from residential property management services increased by approximately 14.0% from approximately RMB200.9 million for the year ended 31 December 2024 to approximately RMB229.0 million for the Reporting Period, primarily due to the increase in the GFA under management and the number of residential projects managed by the Group;
- (iii) revenue from commercial property management services increased by approximately 6.1% from approximately RMB153.1 million for the year ended 31 December 2024 to approximately RMB162.4 million for the Reporting Period, primarily due to the increase in GFA under management and the number of commercial projects managed by the Group; and
- (iv) revenue from others decreased by approximately 7.1% from approximately RMB3.2 million for the year ended 31 December 2024 to approximately RMB3.0 million for the Reporting Period, primarily due to the decrease in the number of vehicles leased.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales

The Group's cost of sales increased from approximately RMB808.3 million for the year ended 31 December 2024 to approximately RMB887.0 million for the Reporting Period, primarily due to the increase in the cost associated with the increased business scale of the Group.

## Gross Profit and Gross Profit Margin

The following table sets forth the Group's gross profit and gross profit margin by business line for the years indicated:

	Year ended 31 December			
	2025		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
City services	82,985	12.7	71,528	12.0
Residential property management services	41,762	18.2	39,136	19.5
Commercial property management services	36,657	22.6	31,523	20.6
Others	836	27.7	1,033	31.8
<b>Total</b>	<b>162,240</b>	<b>15.5</b>	<b>143,220</b>	<b>15.1</b>

The Group's gross profit increased by approximately 13.3% from approximately RMB143.2 million for the year ended 31 December 2024 to approximately RMB162.2 million for the Reporting Period, and the Group's gross profit margin for the Reporting Period was approximately 15.5%, representing an increase of approximately 0.4% as compared with the Group's gross profit margin of approximately 15.1% for the year ended 31 December 2024, mainly reflecting the following:

- (i) gross profit for city services increased by approximately 16.0% from approximately RMB71.5 million for the year ended 31 December 2024 to approximately RMB83.0 million for the Reporting Period, mainly due to the increase in revenue and effective cost control measures adopted by the Group;
- (ii) gross profit for residential property management services increased by approximately 6.7% from approximately RMB39.1 million for the year ended 31 December 2024 to approximately RMB41.8 million for the Reporting Period, primarily due to the increase in the GFA of residential projects managed by the Group with relative high gross profit margin;
- (iii) gross profit for commercial property management services increased by approximately 16.3% from approximately RMB31.5 million for the year ended 31 December 2024 to approximately RMB36.7 million for the Reporting Period, primarily due to the increase in the area of industrial parks under management of the Group; and
- (iv) gross profit for others (being rental income derived from leasing an investment property and certain vehicles owned by the Group) decreased by 19.1% from approximately RMB1.0 million for the year ended 31 December 2024 to approximately RMB0.8 million for the Reporting Period, primarily due to the decrease in revenue.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Other Net Gains

The Group's other net gains or losses primarily consists of (i) interest income, (ii) government grants and (iii) foreign exchange losses.

The Group's other net gains decreased by approximately 12.3% from approximately RMB8.5 million for the year ended 31 December 2024 to approximately RMB7.5 million for the Reporting Period, primarily due to the decrease in interest income and the increase in exchange losses.

## Administrative Expenses and Research and Development Costs

Administrative expenses and research and development costs increased by approximately 14.3% from approximately RMB65.6 million for the year ended 31 December 2024 to approximately RMB74.9 million for the Reporting Period, primarily due to the expansion of the business scale and continued investment in research and development, with the increase in newly awarded projects driving a corresponding rise in tendering expenses.

## Impairment Losses on Trade and Other Receivables

Impairment loss on trade and other receivables decreased by approximately 12.5% from approximately RMB11.4 million for the year ended 31 December 2024 to approximately RMB9.9 million for the Reporting Period, primarily due to the Group's continued strengthening of credit control and receivables collection management, which improved the asset quality of trade receivables.

## Finance Costs

Financial costs increased by approximately 186.2% from RMB0.4 million for the year ended 31 December 2024 to approximately RMB1.3 million for the Reporting Period, primarily due to the appreciation of the Hong Kong dollar against the Renminbi exchange rate, which resulted in exchange losses being disclosed under other net gains or losses. As there were no exchange gains to offset financial costs during the period, financial costs increased accordingly during the period.

## Income Tax Expense

Income tax expenses increased by approximately 31.0% from approximately RMB13.3 million for the year ended 31 December 2024 to approximately RMB17.4 million for the Reporting Period.

## Profit for the Year

As a result of the foregoing, profit for the year increased by approximately 8.3% from approximately RMB61.1 million for the year ended 31 December 2024 to approximately RMB66.2 million for the Reporting Period.

## Investment Property and Other Property, Plant and Equipment

The Group's investment property and other plant and equipment mainly consist of an investment property of a kindergarten, machinery and other equipment, vehicles and right-of-use assets.

The value of the Group's investment property and other plant and equipment increased by proximately 10.4% from approximately RMB95.8 million as at 31 December 2024 to approximately RMB105.8 million as at 31 December 2025, primarily due to the purchase of refuse collection vehicles and other equipment during the period to expand production and operations.

The investment property was valued to be RMB9,458,000 as at 31 December 2025 (31 December 2024: RMB9,960,000), using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment property. The fair value measurements are categorised into Level 3 which incorporates significant unobservable inputs. The valuations were carried out by Zhong He Appraisal Co., Ltd., an independent professional qualified valuer.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Trade and Other Receivables

Trade and other receivables primarily arise from provision of various services in the ordinary course of business. The Group recognizes trade receivables when it has an unconditional right to receive consideration. The right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The Group's trade receivables increased from approximately RMB252.7 million as at 31 December 2024 to approximately RMB386.1 million as at 31 December 2025, primarily due to the expansion of the Group's business scale and the increase in revenue, which in turn drove the corresponding growth in trade receivables.

## Prepayments

The Group's prepayments primarily include prepayments of utility fees, consultancy fees and training fees, and for the purchase of equipment, material and software.

The Group's prepayments increased by approximately 17.7% from approximately RMB8.6 million as at 31 December 2024 to approximately RMB10.2 million as at 31 December 2025, mainly due to the prepayments for intangible assets made to support the Group's expansion in scale.

## Cash at Bank and on Hand

The Group's cash at bank and on hand increased by approximately 4.3% from approximately RMB426.9 million as at 31 December 2024 to approximately RMB445.5 million as at 31 December 2025, primarily due to expansion of business scale and the increase in collections.

## Trade and Other Payables

Trade and other payables primarily represent the Group's obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers.

The Group's trade payables increased by approximately 18.2% from approximately RMB497.1 million as at 31 December 2024 to approximately RMB587.6 million as at 31 December 2025, primarily due to the expansion of business scale of the Group.

## Contract Liabilities

The Group's contract liabilities primarily consist of prepayments received for the Group's property management and other services from its customers, while the services are yet to be provided.

The Group's contract liabilities increased from approximately RMB37.3 million as at 31 December 2024 to approximately RMB48.4 million as at 31 December 2025, primarily due to the increase in the amount of prepayments for the Group's property management services.

## Net Current Assets

The Group's net current assets increased from approximately RMB148.5 million as at 31 December 2024 to approximately RMB200.0 million as at 31 December 2025, primarily attributable to (i) an increase in trade and other receivables of approximately RMB133.4 million; (ii) an increase in cash at bank and on hand of approximately RMB18.6 million; and (iii) a decrease in tax payables of approximately RMB2.2 million.



# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY AND CAPITAL RESOURCES

The Group's principal use of cash has been for working capital purposes. The Group's main source of liquidity has been generated from cash flows from operations. As at 31 December 2025, cash and cash equivalents of the Group amounted to approximately RMB445.5 million, 80.8% of which was denominated in RMB (31 December 2024: approximately RMB424.5 million). Going forward, the Group will closely monitor uses of cash and strive to maintain a healthy liquidity for its operation needs.

### Bank Borrowings

As at 31 December 2025, the Group had no borrowings (31 December 2024: nil).

### Other Liabilities

As at 31 December 2025, the Group did not have other liabilities (31 December 2024: nil).

### Pledge of Assets

As at 31 December 2025, the Group did not have any pledged assets (31 December 2024: nil).

### Gearing Ratio

Gearing ratio is calculated based on the sum of interest-bearing borrowings as at the respective dates divided by total equity as at the same dates and multiplied by 100%. The Group's gearing ratio for the Reporting Period was nil (31 December 2024: nil).

### Contingent Liabilities

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

### Capital Expenditures

The Group's capital expenditures represent addition of property, plant and equipment and intangible assets. The Group incurred capital expenditures of approximately RMB15.6 million for the Reporting Period (2024: approximately RMB21.2 million).

## MARKET RISK

The Group is exposed to a variety of market risks, including interest rate risk, credit risk and liquidity risk, as set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. During the Reporting Period, the Group did not hedge or consider necessary to hedge any of these risks.

### Interest Rate Risk

The exposure of the Group to risk for changes in market interest rates relates primarily to its interest-bearing deposits. The Group does not use derivative financial instruments to hedge interest rate risk.

### Foreign Exchange Risk

The Group's operations are primarily conducted in Renminbi, which is the functional currency of the Group. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may negatively impact the value and amount of any dividends payable on the shares of the Company. Currently, the Group does not implement any foreign currency hedging policy and the management of the Group will closely monitor any exposure to foreign exchange.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Credit Risk

The Group's credit risk is primarily attributable to cash at bank, trade and bills receivables, prepayments, deposits and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk. For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default.

In respect of amounts due from related parties for non-trade nature, deposits and other receivables, the Group has assessed the ECLs of these receivables based on historical settlement records and forward-looking information, and calculated them using the 12-month expected loss method, except for RMB11,004,000 (31 December 2024: RMB11,004,000) of allowance provision provided through individually assessment.

In respect of trade receivables from third parties and related parties, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimate the expected credit loss rate for the Reporting Period. Normally, the Group does not obtain collateral from customers.

For cash and cash equivalents, the Group expects that there is no significant credit risk since they are substantially deposited at state-owned banks or other medium-to-large sized banks. The Group does not expect that there will be any significant losses from non-performance by those counterparties.

## Liquidity Risk

The Group aims to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings. Cash flows are closely monitored on an ongoing basis.

## OTHER INFORMATION

### Significant Investments, Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

Save as disclosed in this annual report, the Company did not have any significant investment, acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

### Future Plans for Material Investments or Capital Assets

Save as disclosed in the paragraph headed "Use of proceeds from the Listing" in this section, as at 31 December 2025, the Company did not have any future plans for material investments or additions of capital assets.

### Subsequent Events after the Reporting Period

Save as to the passing of following resolutions in the extraordinary general meetings of the Company held on 30 January 2026 approving:

- (1) the major and connected transactions in relation to the acquisition of property units and land use rights from, and lease certain civil air defence parking spaces to, Xi'an Kingfar Real Estate Co., Ltd., the details of which are disclosed in the Company's announcement dated 5 December 2025 and the circular dated 14 January 2026; and
- (2) the renewal of certain continuing connected transactions with Kingfar Holdings and its subsidiaries, the details of which are disclosed in the Company's announcement dated 12 December 2025 and the circular dated 14 January 2026,

there were no material events undertaken by the Group subsequent to 31 December 2025 and up to the date of this report.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Use of Proceeds from the Listing

The 16,666,800 H Shares were listed on the Main Board of the Stock Exchange on the Listing Date at HK\$7.50 per H Share, with net proceeds received by the Company from the Global Offering in the amount of approximately HK\$90.5 million after deducting the underwriting commissions and other estimated expenses payable by us in connection with the Global Offering. The following table sets forth the Company's use of the proceeds from the Global Offering as at 31 December 2025.

	% of the total net proceeds	Net proceeds from the Global Offering <i>(HK\$ in millions)</i>	Unutilised amount as of 1 January 2025 <i>(HK\$ in millions)</i>	Actual utilized amount as at 31 December 2025 <i>(HK\$ in millions)</i>	Unutilized amount as at 31 December 2025 <i>(HK\$ in millions)</i>	Expected timeline of full utilization
Selective acquisitions of other property management companies	53.8	48.7	48.7	–	48.7	By 31 December 2026
Purchase of new energy vehicles	20.6	18.6	18.6	–	18.6	By 31 December 2026
Further develop smart property management systems	10.5	9.5	9.5	2.3	7.2	By 31 December 2026
Improve human resource management	5.1	4.6	4.6	0.0	4.6	By 31 December 2026
Working capital	10.0	9.1	9.1	–	9.1	By 31 December 2026
<b>Total</b>	<b>100.0</b>	<b>90.5</b>	<b>90.5</b>	<b>2.3</b>	<b>88.2</b>	

The net proceeds received by the Company from the Global Offering will be allocated and utilized in accordance with the purposes set out in the Prospectus. The expected timeline for utilizing the remaining proceeds is based on the best estimation of the future progress of business expansion and market conditions made by the Company. It will be subject to change based on the current and future development of market conditions.

## Employees and Remuneration Policy

As at 31 December 2025, the Group had a total of 8,263 full-time employees in China (31 December 2024: 7,833). For the Reporting Period, the staff cost recognised as expenses of the Group amounted to approximately RMB559.0 million (for the year ended 31 December 2024: approximately RMB527.5 million).

The Group believes that the expertise, experience and professional development of its employees contributes to its growth. The Group proactively recruits skilled and qualified personnel with relevant working experience in property management to support the sustainable growth of business.

The remuneration package of employees of the Group includes salary and bonus, which are generally based on their qualifications, industry experience, position and performance. In addition, the Group provides training programs regularly and across management levels, in compatible with practical needs, covering key areas in its business operations, including but not limited to corporate culture and policies, technical knowledge required for certain positions, leadership skills and general knowledge about the nature of the Group's services.

As at 31 December 2025, there was no share incentive scheme adopted by the Company.



# REPORT OF THE BOARD

The Board is pleased to present this Report of the Board together with the audited consolidated financial statements of the Group for the Reporting Period.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in provision of city services, residential property management services and commercial property management services in the PRC. During the Reporting Period and up to the date of this report, there has been no major change in the nature of the Group's principal business activities.

## PERFORMANCE REVIEW

A review of the Group's business during the Reporting Period, which includes an analysis of the Group's performance using key financial performance indicators, particulars of important events affecting the Group during the Reporting Period, and an indication of likely future development in the Company's business are set out in the section headed "Management Discussion and Analysis" in this annual report.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long-term sustainability of the environment and communities in which it operates and has not noted any material non-compliance with applicable environmental protection laws and regulations in relation to its business. The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving.

A comprehensive review of the Group's environmental policy and performance for the Reporting Period is set out in the Environmental, Social and Governance Report.

## COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the Group during the Reporting Period.

## PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control.

- Our reliance on Xi'an ETDZ MC and Kingfar Holdings Group and our future growth may be affected by the prospects of Xi'an ETDZ MC and Kingfar Holdings Group.
- We cannot assure you that we can secure new or renew our existing city service agreements, residential property management service agreements or commercial property management service agreements, on favorable terms, or at all.
- A substantial portion of our operations is concentrated in Xi'an and our business could be adversely affected in the event of any adverse development in business environment in this region.
- We may face fluctuations in our labor and subcontracting costs, and the increase in employee benefit cost and subcontracting costs could harm our business and reduce our profitability.
- We primarily generated revenue on a lump sum basis. We may be subject to losses or decreased profit margins if we fail to estimate or control our costs in performing our services.

- We may not be able to collect property management service fees from property developers, property owners, customers from public sectors, residents and/or tenants which could incur impairment losses on our trade and other receivables.
- Our cash flows may deteriorate due to potential mismatch in time between the receipt of service fees from our customers and the payments made to our subcontractors and suppliers.
- Our diversified business may not develop and succeed as planned, and therefore our overall growth strategy may not work as expected.
- To some extent, we are susceptible to changes in regulatory landscapes of the PRC property management and real estate industries.
- We face intense competition in the property management market and if we fail to compete successfully against existing and new competitors, our business, financial position, results of operations and prospects may be materially and adversely affected.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

### KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group actively communicates with stakeholders such as customers, employees, investors and Shareholders, suppliers and partners, and attaches great importance to the suggestions and feedback of stakeholders, which the Group regards as an important basis for improving operational management and sustainable development standards. In order to fully listen to the voices of stakeholders, the Group has established a variety of communication channels to ensure open and transparent information and efficient communication processes. We are fully aware that communication with stakeholders is an important and continuous process. In the future, we will continue to improve the communication mechanism, actively respond to the demands of stakeholders, optimize the management and operation standards of the Company, and enhance the sustainable development performance of the Group.

Details of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group are set out in the Environmental, Social and Governance Report.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, revenue generated from the Group's largest and five largest customers in aggregate accounted for 22% and 32% of the Group's total revenue, respectively.

During the Reporting Period, purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 2% and 5% of the Group's total purchase, respectively.

During the Reporting Period, none of the Directors, any of their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the number of the issued Shares) was interested in the five largest customers or suppliers of the Group.

### DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

#### Executive Directors

Mr. Wu Suozheng (吳鎖正) (*Chairman*)

Mr. Sun Qi (孫琦)

Mr. Cheng Hongrang (成宏讓)



# REPORT OF THE BOARD

## Non-executive Directors

Mr. Zhao Junping (趙軍平)  
Mr. Yang Gang (楊剛)  
Ms. Li Lingxiao (李凌霄)

## Independent non-executive Directors

Mr. Lam Siu Wing (林兆榮)  
Dr. Jiang Li (姜力)  
Mr. Cao Yang (曹陽)

## BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Biographies of our Directors and senior management of our Group are set out in the section headed “Directors and Senior Management” of this annual report.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## SERVICE CONTRACTS AND APPOINTMENT LETTERS OF THE DIRECTORS

Each of our Directors has entered into a service contract or appointment letter with our Company. The appointment of all Directors is effective from the respective appointment date until the expiry of the term of the second session of the Board subject to the termination by no less than 30 days’ written notice served by either party. The term of the second session of the Board is three years.

When the Directors’ terms expire and re-elections are not held in time, the existing Directors shall still perform their duties as Directors in accordance with the laws, administrative regulations, departmental rules and the Articles of Association before newly elected Directors take office. Their re-elections shall be subject to the provisions of the Articles of Association.

Save as disclosed above, none of the Directors has entered into a service contract or an appointment letter with the Group, which is not determinable within one year without payment of compensation (other than statutory compensation).

## DIRECTORS’ INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No Directors or any entity connected with the Directors had material interests in, either directly or indirectly, any transactions, arrangements or contracts of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries or fellow subsidiaries was a party subsisted during or at the end of the Reporting Period.

## DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

No Directors or any of their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group during the Reporting Period.

### PERMITTED INDEMNITY PROVISION

The Group has purchased and maintained liability insurance to provide appropriate coverage for the Directors during the Reporting Period. The permitted indemnity provisions are set out in such liability insurance.

### 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.

### ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

During the Reporting Period, the Company did not grant any rights to any Directors or their respective spouse or children under the age of 18 to acquire benefits by means of the acquisition of Shares in or debentures of the Company, and none of the above persons have exercised the said rights. The Company, its holding company, or any of its subsidiaries or fellow subsidiaries were not a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

### REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals for the Reporting Period are set out in Note 8 and Note 9 to the Consolidated Financial Statements in this annual report.

### CONNECTED TRANSACTIONS

Details of the connected transactions of the Group for the Reporting Period that are subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules are as follows.

#### Continuing Connected Transactions Exempt from the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements

##### 1. *Greening Maintenance Services*

On 13 June 2024, our Company entered into a master greening maintenance services agreement (as supplemented by a supplemental agreement dated 27 November 2024 and renewed on 12 December 2025, the "**Master Greening Maintenance Services Agreement**") with Kingfar Holdings, pursuant to which, Kingfar Holdings Group agreed to provide greening maintenance services for public area of the properties managed by our Group (the "**Greening Maintenance Services**"). The Master Greening Maintenance Services Agreement had a term commencing from the Listing Date to 31 December 2025, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant members of both parties will enter into separate greening maintenance services agreements setting out the specific terms and conditions based on the principles provided in the Master Greening Maintenance Services Agreement.

The fees to be paid by our Group under the Master Greening Maintenance Services Agreement shall be determined on arm's length basis with reference to the prevailing market price of similar services in the open market and the historical fee rate during the Track Record Period. The fees for the provision of the Greening Maintenance Services are calculated by multiplying the total numbers of estimated projects which require such services and the estimated service fee rate with reference to historical transactions, taking into account the location, nature and total GFA of such projects and the scope of the services.

The annual cap in relation to the Greening Maintenance Services for each of the two financial years ended 31 December 2025 were set at RMB2.75 million and RMB2.77 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts during the two years ended 31 December 2025;
- the prevailing market price for similar services;
- the estimated transaction amounts in relation to the Greening Maintenance Services to be recognized for the three years ending 31 December 2028 based on the existing contracts; and
- our estimation of the aggregate GFA of the public area of the properties under our Group's management where the Greening Maintenance Services will be purchased for the three years ending 31 December 2028.

Kingfar Holdings is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Greening Maintenance Services Agreement constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Greening Maintenance Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Greening Maintenance Services Agreement constitute continuing connected transactions for our Company which are exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount of fees payable by our Group to Kingfar Holdings Group for provision of the Greening Maintenance Services amounted to RMB2.7 million, which account for 0.3% of our total cost of sales.

On 12 December 2025, the Company entered into an agreement to renew the Master Greening Maintenance Services Agreement, with the annual cap for each of the 3 financial years ending 31 December 2028 set at RMB3.1 million, RMB3.4 million and RMB3.7 million respectively.

### **Continuing Connected Transactions Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from the Circular and Independent Shareholders' Approval Requirements**

#### **2. Catering Services**

On 13 June 2024, our Company entered into a master catering services agreement (as renewed on 12 December 2025, the "**Master Catering Services Agreement**") with Kingfar Holdings, pursuant to which, our Group agreed to provide catering services (the "**Catering Services**") to Kingfar Holdings Group. The Master Catering Services Agreement has a term commencing from the Listing Date to 31 December 2025, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant members of both parties will enter into separate catering services agreements setting out the specific terms and conditions based on the principles provided in the Master Catering Services Agreement.

The fees to be charged for the Catering Services shall be determined on arm's length basis with reference to (i) the rates generally offered by us to Independent Third Parties in respect of comparable services; (ii) the fees for similar services in the market; and (iii) the anticipated operational costs (including but not limited to labor costs, administration costs and material costs). The fees for the provision of the Catering Services are calculated by multiplying the estimated total numbers of persons who purchase such services and the corresponding service fee per person charged by us under respective agreements.

The annual cap in relation to the Catering Services to be provided by our Group under the Master Catering Services Agreement for each of the two financial years ended 31 December 2025 were set at RMB6.5 million and RMB6.7 million, respectively.

In arriving at the above annual caps, our Directors have primarily considered (i) the historical transaction amounts from 2024 to 2025; (ii) the estimated demand from Kingfar Holdings Group for the three years ending 31 December 2028; and (iii) the estimated year-on-year increase in costs to be incurred for the Catering Services including labor costs, administration costs and material costs.

Kingfar Holdings is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Catering Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Catering Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Catering Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount of fees payable to our Group by Kingfar Holdings Group for provision of the Catering Services amounted to RMB5.7 million, which account for 0.5% of our total revenue.

On 12 December 2025, the Company entered into an agreement to renew the Master Catering Services Agreement, with the annual cap for each of the 3 financial years ending 31 December 2028 set at RMB7.0 million, RMB7.8 million and RMB8.6 million, respectively.

### 3. *Parking Lots Entrusted Management Services*

On 13 June 2024, our Company entered into a master parking lots entrusted management services agreement (as renewed on 12 December 2025, the "**Master Parking Lots Entrusted Management Services Agreement**") with Kingfar Holdings, pursuant to which we agreed to provide parking lots operational management services ("**Parking Lots Entrusted Management Services**") to Kingfar Holdings Group. Under such arrangement, we are entrusted with full authority to operate and manage the parking lots and entitled to receive the income generated from the Parking Lots Entrusted Management Services and will pay to Kingfar Holdings Group an amount equal to a pre-agreed percentage of the profit generated from the Parking Lots Entrusted Management Services when making profit from the operation of the parking lots.

The Master Parking Lots Entrusted Management Services Agreement has a term commencing from the Listing Date to 31 December 2025, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Relevant members of both parties will enter into separate parking lots entrusted management services agreements setting out the specific terms and conditions based on the principles provided in the Master Parking Lots Entrusted Management Services Agreement.

The fees to be paid by our Group under the Master Parking Lots Entrusted Management Services Agreement shall be determined on arm's length basis with reference to (i) the prevailing market price for similar services in the vicinity of the projects taking into account the location and type of the parking lots; (ii) the estimated operating costs under our operational management; and (iii) the estimated total revenue generated from the Parking Lots Entrusted Management Services, which is calculated by multiplying the estimated profit generated from the Parking Lots Entrusted Management Services and the agreed percentage of profit to be paid to Kingfar Holdings Group.

The annual cap in relation to the Parking Lots Entrusted Management Services for each of the two financial years ended 31 December 2025 were set at RMB5.1 million and RMB5.3 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the nature, number and size of the car parking lots to be managed by us based on the existing signed contracts with Kingfar Holdings Group;
- the pre-agreed percentage of the profit generated from the Parking Lots Entrusted Management Services which will be paid to Kingfar Holdings Group;
- the parking fee approved by the relevant governmental authorities and the prevailing market price for similar services in the vicinity of the parking lots projects, having taken into account the location and type of the parking lots; and
- our estimated capacity and operating cost in providing the Parking Lots Entrusted Management Services for the three years ending 31 December 2028.

Kingfar Holdings is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Parking Lots Entrusted Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Parking Lots Entrusted Management Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Parking Lots Entrusted Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount of fees payable by our Group to Kingfar Holdings Group under the Parking Lots Entrusted Management Services amounted to RMB0.6 million, which account for 0.07% of our total cost of sales.

On 12 December 2025, the Company entered into an agreement to renew the Master Parking Lots Entrusted Management Services Agreement, with the annual cap for each of the 3 financial years ending 31 December 2028 set at RMB5.7 million, RMB6.0 million and RMB6.4 million, respectively.

#### 4. *Labour Dispatch Services*

On 12 December 2025, our Company entered into a master labor dispatch services agreement (the "**Master Labour Dispatch Services Agreement**") with Kingfar Holdings, pursuant to which the Kingfar Holdings Group agreed to provide labor dispatch services ("**Labor Dispatch Services**") to our Group.

The Master Labor Dispatch Services Agreement has a term commencing from 1 January 2026 to 31 December 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. Individual agreements, the scope of which shall not exceed the scope specified under the Master Labor Dispatch Services Agreement, shall be entered into between the Group and the Kingfar Holdings Group separately on normal commercial terms.

The fees to be paid by our Group under the Master Labor Dispatch Services Agreement shall be determined on arm's length basis with reference to (i) the fees charged by the Kingfar Holdings Group under the same or similar transactions with Independent Third Parties; (ii) the prevailing market rates for providing similar services; and (iii) the expected operating costs (including but not limited to labor costs and administrative expenses).

Our Directors estimate that the maximum annual cap in relation to the Labor Dispatch Services for each of the three years ending 31 December 2028 will not exceed RMB3.1 million, RMB3.3 million and RMB3.5 million, respectively.

In arriving at the above annual caps, our Directors have considered the following factors:

- the historical transaction amounts during 2025;
- the prevailing market price for similar services provided by Independent Third Parties;
- the estimated transaction amounts in relation to the labor dispatch services to be recognized for the three years ending 31 December 2028 based on the existing contracts as well as the expected increase in the relevant costs and market prices related to such services, which include the estimated increases in the labor costs; and
- the business growth of the Group.

Kingfar Holdings is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Labor Dispatch Services Agreement constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Labor Dispatch Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis, the transactions under the Master Labour Dispatch Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount of fees payable by our Group to Kingfar Holdings Group under the Labor Dispatch Services amounted to RMB2.9 million, which account for 0.3% of our total cost of sales.

### Continuing Connected Transactions Subject to the Reporting, Annual Review, Announcement, Circular and Independent Shareholders' Approval Requirements

#### 1. *Property Management Services*

On 13 June 2024, our Company entered into a master property management services agreement (as renewed on 12 December 2025, the "**Master Property Management Services Agreement**") with Kingfar Holdings, pursuant to which our Group agreed to provide property management services to Kingfar Holdings Group, including but not limited to (i) property management services for the residential and non-residential properties owned or used by Kingfar Holdings Group; (ii) value-added services including but not limited to sales office management services, preliminary planning and design consultancy services, pre-delivery inspection services, customized cleaning, repair and maintenance services and, garbage collection services (the "**Property Management Services**"). The Master Property Management Services Agreement has a term commencing from the Listing Date to 31 December 2025, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The fees to be charged for the Property Management Services shall be determined on arm's length basis with reference to (i) the size, location and positioning of the properties; (ii) the type, scope, standards and requirements of the services; (iii) the anticipated operation costs (including but not limited to labor costs, administration costs and costs of materials); (iv) the fees for similar services and similar types of projects in the market; and (v) the prices charged by us for providing comparable services to Independent Third Parties. The service fees for the provision of the property management services are calculated mainly based on the total GFA of properties owned or used by Kingfar Holdings Group under our management multiplying the service fee per square meter, which shall not be higher than the standard fees designated by the relevant regulatory authorities (if applicable) or lower than the standard fees to be charged from Independent Third Parties.



## REPORT OF THE BOARD

The annual cap in relation to the Property Management Services under the Master Property Management Services Agreement for each of the two financial years ended 31 December 2025 were set at RMB65.4 million and RMB69.2 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the historical transaction amounts during the two years ended 31 December 2025;
- the estimated transaction amounts in relation to the Property Management Services for the three years ending 31 December 2028 based on the existing signed contracts with Kingfar Holdings Group;
- the estimated GFA and number of properties to be delivered by Kingfar Holdings Group for the three years ending 31 December 2028, which is based on the GFA and number of properties under development and the delivery schedule of Kingfar Holdings Group;
- the estimated management fee to be charged in respect of properties and facilities owned or used by Kingfar Holdings Group and the standard fees designated by the relevant regulatory authorities;
- the estimated service fee to be charged in respect of our value-added services to be provided to Kingfar Holdings Group; and
- the estimated year-on-year increase in costs to be incurred for the Property Management Services including labor costs, administration costs and material costs.

Kingfar Holdings is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Property Management Services Agreement will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Property Management Services Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Property Management Services Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the year ended 31 December 2025, the total amount of fees payable to our Group by the Kingfar Holdings Group for provision of the Property Management Services amounted to RMB56.8 million, which account for 5.8% of our total revenue.

On 12 December 2025, the Company entered into an agreement to renew the Master Property Management Services Agreement, with the annual cap for each of the 3 financial years ending 31 December 2028 set at RMB64.7 million, RMB74.5 million and RMB82.2 million, respectively.

## 2. *Food Supply*

On 30 October 2025, our Company entered into a master food supply framework agreement (as renewed on 12 December 2025, the "**Master Food Supply Framework Agreement**") with Kingfar Supply Chain, pursuant to which our Group agreed to the Group agrees to supply certain food ingredients, such as meat, to Kingfar Holdings Group (the "**Food Supply**"). The Master Food Supply Framework Agreement has a term commencing from 1 January 2026 to 31 December 2028, which may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

The fees to be charged for the Food Supply shall be determined on arm's length basis with reference to (i) the market price of goods of the same or similar type and quality at the same time at the local first-level wholesale market at the place of delivery; (ii) the price of the same or similar type and quality released by relevant product market information websites at the same time; or (iii) in case (i) and (ii) are infeasible, on fair and reasonable basis and on normal commercial terms in the ordinary course of business and in accordance with the aforementioned pricing principles.

Our Directors estimate that the maximum annual amount payable by Kingfar Holdings Group in relation to the Food Supply under the Master Food Supply Framework Agreement for each of the three years ending 31 December 2028 will not exceed RMB45.0 million, RMB50.0 million and RMB51.5 million, respectively.

In arriving at the above annual caps, our Directors have considered the following reasonable factors:

- the estimated quantity of relevant food ingredients required by Kingfar Holdings Group for the three years ending 31 December 2028 based on the existing signed contracts;
- based on the information provided by Kingfar Holdings, the purpose of procuring such food ingredients by Kingfar Holdings Group is to provide value-added food ingredients delivery services to certain schools. The demand for food ingredients from Kingfar Holdings Group has substantially increased following its award of the school canteen operation tender by the Education Bureau of Xi'an Economic and Technological Development Zone and Kingfar Holdings Group is experiencing a shortage of food ingredients supply and actively looking for a reliable and stable supplier. Therefore, the Group expects to continue to secure relatively stable purchase orders for food ingredients from the Kingfar Holdings Group;
- the recent and historical market prices of the similar food ingredients in the market, which refer to local market wholesale prices and the historical guiding prices of relevant regulatory authorities; and
- the estimated year-on-year increase in food ingredient costs.

Kingfar Supply Chain is wholly-owned by Kingfar Group, which is in turn owned as to approximately 96.29% by Kingfar Holdings. Kingfar Holdings is one of our Controlling Shareholders and therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transactions under the Master Food Supply Framework Agreement constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the annual caps under the Master Food Supply Framework Agreement is expected to be more than 5% on an annual basis, the transactions under the Master Food Supply Framework Agreement constitute continuing connected transactions for our Company which are subject to the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For the period from 1 November 2025 to 31 December 2025, the total amount of fees payable to our Group by the Kingfar Holdings Group for provision of the Supply Chain amounted to RMB9.0 million, which account for 0.9% of our total revenue.

### Confirmation from the Independent Non-executive Directors

The independent non-executive Directors have reviewed the aforementioned continuing connected transactions, and confirmed that such transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.



## REPORT OF THE BOARD

### Confirmation from the Auditor

The Board confirms that the letter from the auditor of the Company in relation to the disclosed continuing connected transactions, which covers the matters set out in Rule 14A.56 of the Listing Rules, has been received. The letter states that:

- (1) nothing has come to the auditor's attention that causes them to believe that these transactions have not been approved by the Board;
- (2) nothing has come to the auditor's attention that causes them to believe that the transactions in respect of the provision of goods or services by the Group were not carried out in accordance with the Group's pricing policy in all material respects;
- (3) nothing has come to the auditor's attention that causes them to believe that the transactions were not carried out, in all material respects, in accordance with the terms of the agreements governing them; and
- (4) nothing has come to the auditor's attention that causes them to believe that the various continuing connected transactions between the Group and connected persons of the Group for which annual limits for the transactions have been set exceed their respective annual limits.

Save as disclosed above, the Group has not entered into any connected transaction during the Reporting Period which is discloseable under Chapter 14A of the Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions conducted by the Group during the Reporting Period is set out in Note 27 to the Consolidated Financial Statements in this annual report. With respect to such related party transactions, those transactions which constitute continuing connected transactions of the Company have been disclosed above or constitute fully exempted continuing connected transactions of the Company under the Listing Rules. The Board confirmed that Group has complied with the disclosure requirements for connected transactions or continuing connected transactions in accordance with Chapter 14A of the Listing Rules during the Reporting Period.

### CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

Save as disclosed in this report, no contract of significance (including contract of significance for the provision of services) was entered into between the Group and the Controlling Shareholders or any of its subsidiaries during the Reporting Period.

### NON-COMPETITION UNDERTAKING

On 13 June 2024, each of our Controlling Shareholders has entered into a deed of non-competition (the "**Undertakings**") in favor of our Company, pursuant to which each of them has unconditionally and irrevocably undertaken to our Company that it will not, and will procure its close associates (save for members of our Group) not to directly or indirectly be involved in, interested in or undertake any business that directly or indirectly competes, or may compete, with our business which principally includes the provision of city services, residential property management services and commercial property management services (collectively referred to as the "**Restricted Businesses**"), or directly or indirectly hold shares or interest in any company or business that competes or may compete directly or indirectly with the business engaged by us from time to time, or conduct any Restricted Businesses, except where our Controlling Shareholders and their close associates hold less than 30% of interest of any company, which is engaged in any business that is or may be in competition with any business engaged by any member of our Group and they do not possess the right to control the board of directors of such company. The above restrictions also do not apply when our Group engages in a new business that is not a Restricted Business and at the time of commencement of such new business, any of our Controlling Shareholders had already been conducting or has been involved in, or otherwise been interested in, the relevant business. Please refer to "Relationship with our Controlling Shareholders – Deed of Non-Competition" in the Prospectus for details.



## REPORT OF THE BOARD

The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from its Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by the Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Undertakings have been complied with and been enforced by the Company in accordance with the terms.

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## REPORT OF THE BOARD

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as of 31 December 2025, the following persons/entities have interests and/or short positions in our Shares or our underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under Section 336 of the SFO, or are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Name of Substantial Shareholder	Nature of Interest	Description of Shares <sup>(2)</sup>	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the Unlisted Domestic Shares/ H Shares <sup>(3)</sup>	Approximate percentage in the total issued capital of the Company <sup>(3)</sup>
Xi'an Kingfar Holdings (Group) Co., Ltd.* (西安經發控股(集團)有限責任公司)	Beneficial owner	Unlisted Domestic Shares	5,000,000 (L)	10.00%	7.50%
	Interest in a controlled corporation <sup>(4)</sup>	Unlisted Domestic Shares	45,000,000 (L)	90.00%	67.50%
Xi'an Kingfar Group Co., Ltd.* (西安經發集團有限責任公司)	Beneficial owner	Unlisted Domestic Shares	45,000,000 (L)	90.00%	67.50%
Xi'an Tianbo Diagnostic Technology Co., Ltd.* (西安天博診斷技術有限公司)	Beneficial owner	H Shares	4,391,100 (L)	26.35%	6.59%
Meng Wujun (蒙武軍)	Interest in a controlled corporation <sup>(5)</sup>	H Shares	4,391,100 (L)	26.35%	6.59%
Xi'an Dingzhun Education Technology Co., Ltd.* (西安訂準教育科技有限公司)	Beneficial owner	H Shares	1,463,700 (L)	8.78%	2.20%
Ding Huaming (丁華明)	Interest in a controlled corporation <sup>(6)</sup>	H Shares	1,463,700 (L)	8.78%	2.20%
Jue Trading Group (Hong Kong) Co., Limited (聚鱗貿易集團(香港)有限公司)	Beneficial owner	H Shares	3,564,000 (L)	21.38%	5.35%
Pan Zhixiong (潘智雄)	Interest in a controlled corporation <sup>(7)</sup>	H Shares	3,564,000 (L)	21.38%	5.35%
Kaufmann & Company Pan-Asia Limited	Beneficial owner	H Shares	1,320,000 (L)	7.92%	1.98%
The Reynold Lemkins Group (Asia) Limited	Beneficial owner	H Shares	1,320,000 (L)	7.92%	1.98%

### Notes:

- (1) (L) denotes the person's long position in the Shares.
- (2) For the avoidance of doubt, both Unlisted Domestic Shares and H Shares are ordinary Shares in the share capital of the Company, and are considered as one class of Shares.
- (3) The calculation is based on a total of 66,666,800 Shares in issue as of 31 December 2025, which consists of 50,000,000 Unlisted Domestic Shares and 16,666,800 H Shares.
- (4) As of 31 December 2025, Xi'an Kingfar Group Co., Ltd.\* (西安經發集團有限責任公司) was owned as to approximately 94.07% by Xi'an Kingfar Holdings (Group) Co., Ltd.\* (西安經發控股(集團)有限責任公司). By virtue of the SFO, Kingfar Holdings (Group) Co., Ltd.\* (西安經發控股(集團)有限責任公司) was deemed to be interested in the Shares held by Xi'an Kingfar Group Co., Ltd.\* (西安經發集團有限責任公司).
- (5) As of 31 December 2025, Xi'an Tianbo Diagnostic Technology Co., Ltd.\* (西安天博診斷技術有限公司) was owned as to 64.10% by Meng Wujun. By virtue of the SFO, Meng Wujun was deemed to be interested in the Shares held by Xi'an Tianbo Diagnostic Technology Co., Ltd.\* (西安天博診斷技術有限公司).
- (6) As of 31 December 2025, Xi'an Dingzhun Education Technology Co., Ltd.\* (西安訂準教育科技有限公司) was owned as to 66.00% by Ding Huaming. By virtue of the SFO, Ding Huaming was deemed to be interested in the Shares held by Xi'an Dingzhun Education Technology Co., Ltd.\* (西安訂準教育科技有限公司).
- (7) As of 31 December 2025, Jue Trading Group (Hong Kong) Co., Limited (聚鱈貿易集團(香港)有限公司) was wholly owned by Pan Zhixiong. By virtue of the SFO, Pan Zhixiong was deemed to be interested in the Shares held by Jue Trading Group (Hong Kong) Co., Limited (聚鱈貿易集團(香港)有限公司).

Save as disclosed above, as of 31 December 2025, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other persons/entities who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## DONATIONS

In 2025, the Group donated RMB500,000 to Yong'an Village in Fuping County, Shaanxi Province, to support rural infrastructure development.

## SHARE CAPITAL

The Company issued 16,666,800 H Shares at HK\$7.50 per H Share on 3 July 2024 for the Listing. Details of the share capital of the Company are set out in Note 25 to the Consolidated Financial Statements in this annual report.

## DEBENTURE

The Group did not issue any debenture during the Reporting Period.

## EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the Reporting Period.

## DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (2024: nil). To support the Company's expansion and the development of market-oriented projects, capitalize on opportunities for industry consolidation, and meet the capital requirements for sustainable growth, the company has decided, after careful evaluation, to retain profits for business expansion and operational reserves in order to strengthen the foundation for long-term development.

## DISTRIBUTABLE RESERVES

As of 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB176.1 million.

# REPORT OF THE BOARD

## USE OF PROCEEDS FROM THE LISTING

Details of the Group's use of proceeds from the Listing as at 31 December 2025 are set out in the section headed "Management Discussion and Analysis – Use of Proceeds from the Listing" in this annual report.

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

## CORPORATE GOVERNANCE

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

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to our Company and to the best of our Directors' knowledge, information and belief, since the Listing Date and as of the date of this report, our Company has maintained sufficient public float of not less than 25% of total H Shares in issue as required under the Listing Rules. As at 31 December 2025, the Company's public float was 35.6% of total H Shares in issue.

### Changes in the Share Capital of the Company

	As at Listing Date		Increase/Decrease during the Reporting Period (+, -)			As at 31 December 2025	
	Number	Approximate %	New shares issued	Others	Subtotal	Number	Approximate %
Unlisted Domestic Shares	50,000,000	75.00	–	–	–	50,000,000	75.00
H Shares	16,666,800	25.00	–	–	–	16,666,800	25.00
Total	66,666,800	100.00	–	–	–	66,666,800	100.00

### List of Holders of H Shares<sup>(Note 1)</sup>

Holders of H Shares	Number of H Shares	Approximate % of all H Shares in issue <sup>(Note 2)</sup>
Non-public Shareholders		
Meng Wujun <sup>(Note 3)</sup>	4,391,100	26.35
Pan Zhixiong <sup>(Note 4)</sup>	3,564,000	21.38
Subtotal	7,955,100	47.73
Public Shareholders		
Ding Huaming <sup>(Note 5)</sup>	1,463,700	8.78
Kaufmann & Company Pan- Asia Limited	1,320,000	7.92
The Reynold Lemkins Group (Asia) Limited	1,320,000	7.92
Other public Shareholders	4,608,000	27.65
Total	16,666,800	100%

### Notes:

1. Please refer to the section headed “Report of the Board – Substantial Shareholders’ Interests and Short Positions in the Shares and Underlying Shares” for the respective numbers of Unlisted Shares and H Shares in which such persons are deemed to have interests pursuant to Part XV of the SFO.
2. The calculation is based on a total of 16,666,800 H Shares in issue as of 31 December 2025.
3. As of 31 December 2025, Xi’an Tianbo Diagnostic Technology Co., Ltd.\* (西安天博診斷技術有限公司) was owned as to 64.10% by Meng Wujun. By virtue of the SFO, Meng Wujun was deemed to be interested in the Shares held by Xi’an Tianbo Diagnostic Technology Co., Ltd.\* (西安天博診斷技術有限公司).
4. As of 31 December 2025, Jue Trading Group (Hong Kong) Co., Limited (聚鱈貿易集團(香港)有限公司) was wholly owned by Pan Zhixiong. By virtue of the SFO, Pan Zhixiong was deemed to be interested in the Shares held by Jue Trading Group (Hong Kong) Co., Limited (聚鱈貿易集團(香港)有限公司).
5. As of 31 December 2025, Xi’an Dingzhun Education Technology Co., Ltd.\* (西安訂準教育科技有限公司) was owned as to 66.00% by Ding Huaming. By virtue of the SFO, Ding Huaming was deemed to be interested in the Shares held by Xi’an Dingzhun Education Technology Co., Ltd.\* (西安訂準教育科技有限公司).

## TAX RELIEF AND EXEMPTION

During the Reporting Period, the Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the securities of the Company.

## PRE-EMPTIVE RIGHTS

There is no arrangement for pre-emptive rights in accordance with the PRC laws and the Articles of Association, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events occurred subsequent to 31 December 2025 and up to the date of this report.

## AUDITOR

SHINEWING has audited the consolidated financial statements for the year ended 31 December 2025. SHINEWING was appointed as the auditor of the Company by a resolution passed by the Shareholders in the extraordinary general meeting of the Company convened on 22 October 2025 in place of Xigema Certified Public Accountants Special General Partnership) and KPMG, who resigned as auditors of the Company with effect from 22 October 2025.

Save as disclosed above, there has been no change in auditor in the preceding three years.

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2025 annual general meeting of the Company (“**2025 AGM**”) will be held on Thursday, 25 June 2026. Shareholders should refer to details regarding the 2025 AGM in the circular and the notice of meeting accompanying therewith to be published on the websites of the Stock Exchange and the Company.

For determining the entitlement of Shareholders to attend and vote at the 2025 AGM to be held on Thursday, 25 June 2026, the register of members of the Company will be closed from Thursday, 18 June 2026 to Thursday, 25 June 2026 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 17 June 2026 (Hong Kong time). The record date for determining the eligibility of Shareholders who are entitled to attend and vote at the 2025 AGM is Thursday, 25 June 2026.



## REPORT OF THE BOARD

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

As of the date of this annual report, save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On Behalf of the Board  
**Xi'an Kingfar Property Services Co., Ltd.**  
西安經發物業股份有限公司  
**Mr. Wu Suozheng**  
*Chairman of the Board and Executive Director*

Hong Kong, 25 March 2026

# REPORT OF THE SUPERVISORY COMMITTEE

For the year 2025, the Supervisory Committee of the Company diligently performed its supervisory duties in strict accordance with the Company Law, the Securities Law, and other applicable laws and regulations, as well as the requirements of the Articles of Association of the Company and the Rules of Procedures for the Supervisory Committee. The Supervisory Committee exercised its authority independently and prudently, promoted the standardised operation and sound development of the Company, and effectively safeguarded the lawful rights and interests of the Company and all its shareholders. Set out below is a summary of the work performed by the Supervisory Committee during the year 2025:

## I. WORK OF THE SUPERVISORY COMMITTEE DURING THE YEAR 2025

During the year 2025, the Supervisory Committee actively performed its supervisory functions. It monitored the Board's implementation of resolutions passed at Shareholders' Meetings and the Directors' discharge of their fiduciary duties. The Supervisory Committee was of the view that the senior management of the Company had been diligent and responsible in executing resolutions passed at Board meetings and other significant management meetings, thereby ensuring that the Company conducted its business operations in a lawful and compliant manner. During the year, the Supervisory Committee convened a total of 5 Supervisory Committee meetings, attended 2 Shareholders' Meetings and attended 9 Board meetings. The convening and conduct of the Supervisory Committee meetings complied with the relevant requirements of the Company Law, the Articles of Association and the Rules of Procedures of the Supervisory Committee. The details are as follows:

No.	Meeting Session	Date	Contents of Deliberation
1.	Fifth session of the second Supervisory Committee	19 February 2025	Proposal on Application for Comprehensive Credit Line from Banks
2.	Sixth session of the second Supervisory Committee	26 March 2025	<ol style="list-style-type: none"><li>1. Report of the Supervisory Committee for the year 2024</li><li>2. Audited Consolidated Financial Statements, Results Announcement and Annual Report for the year 2024</li><li>3. Budget Report for the year 2025</li><li>4. Environmental, Social and Governance Report for the year 2024</li><li>5. Remuneration Plan for Supervisors for the year 2025</li></ol>
3.	Seventh session of the second Supervisory Committee	12 August 2025	Proposal on Application for Comprehensive Credit Line from Banks
4.	Eighth session of the second Supervisory Committee	27 August 2025	<ol style="list-style-type: none"><li>1. Proposal on No Distribution of Interim Profit for the year 2025</li></ol>
5.	Ninth session of the second Supervisory Committee	30 September 2025	<ol style="list-style-type: none"><li>1. Proposal on Change of Auditors for 2025</li><li>2. Proposal on Dissolution of the Supervisory Committee and Amendment of the Articles of Association of the Company</li><li>3. Proposal on Formulation of the Internal Audit Management Rules of Xi'an Kingfar Property Co., Ltd.</li></ol>



# REPORT OF THE SUPERVISORY COMMITTEE

## II. PERFORMANCE OF SUPERVISORY DUTIES BY THE SUPERVISORY COMMITTEE DURING THE YEAR 2025

### 1. Legal Compliance of the Company

During the year 2025, the Supervisory Committee actively attended Shareholders' Meetings and Board meetings, and effectively supervised and reviewed the Company's decision-making procedures, implementation of internal control systems, and the performance of duties by the Directors and senior management. The Supervisory Committee was of the view that:

The Company's major operational decisions were reasonable and were made in accordance with lawful and effective procedures, and the Company had further established and improved its internal control mechanisms; the Shareholders' Meetings and Board meetings of the Company had been convened and conducted in strict compliance with the Company Law, the Articles of Association and other applicable laws, regulations and rules; the Directors and senior management of the Company had diligently and conscientiously implemented the national laws and regulations, the Articles of Association, and resolutions passed at Shareholders' Meetings and Board meetings when performing their duties; and no act by any Director or member of senior management in violation of any law, regulation or the Articles of Association, or prejudicial to the interests of the Shareholders or the Company, was detected during the Reporting Period.

### 2. Inspection of Company's Financial Status

The Supervisory Committee carefully supervised and reviewed the Company's financial management system and financial position during the Reporting Period, and conducted a rigorous examination of the Company's periodic reports and special financial reports. The Supervisory Committee was of the view that the Company's financial management system is sound and well-established, and the Company's financial position is in good standing. The preparation and review procedures for the periodic reports and special financial reports complied with the relevant provisions of applicable laws, regulations and normative documents. The content of such reports truthfully, accurately and objectively reflected the Company's financial position and operating results, and contained no false records, misleading statements or material omissions.

### 3. Implementation of Resolutions Passed at Shareholders' Meetings

The Supervisory Committee monitored the implementation of resolutions passed at Shareholders' Meetings. The Supervisory Committee was of the view that, during the Reporting Period, the Board of Directors had strictly implemented the relevant resolutions passed at Shareholders' Meetings, and no act detrimental to Shareholders' interests was detected.

### 4. Establishment and Implementation of Information Disclosure Management Regime

During the Reporting Period, the Supervisory Committee reviewed the Company's compliance with its information disclosure obligations. The Company had conscientiously fulfilled its information disclosure obligations in accordance with the relevant regulatory requirements. There were no instances of failure to submit announcements for disclosure within the prescribed timeframe, nor any failure to complete the disclosure of periodic reports within the prescribed period. The Company made timely submissions and published the relevant documents on the designated websites within the timeframes stipulated by applicable laws, regulations and relevant rules, and there were no false records, misleading statements or material omissions.



## REPORT OF THE SUPERVISORY COMMITTEE

### 5. Raised Funds Storage and Utilization

During the Reporting Period, the Company had strictly stored and utilised the proceeds raised in accordance with the relevant laws and regulations and the Company's Proceeds Management System, and there were no instances of non-compliant storage or utilisation of the proceeds raised.

In 2025, the Supervisory Committee, acting with a sense of responsibility towards all shareholders, independently exercised its supervisory authority in accordance with the law, and duly performed its role in promoting the standardised governance of the Company and preventing operational risks. Whilst the Supervisory Committee was formally dissolved in November 2025 as a result of adjustments to the Company's governance structure, the Supervisory Committee remained diligent and responsible throughout its tenure, and effectively safeguarded the lawful rights and interests of the Company and the Shareholders.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Group's development and protection of the interests of its Shareholders.

The Group is fully aware of the importance of the Board in providing targeted guidance for the Group's business and ensuring the operational transparency and accountability system. The Board fully understands that good corporate governance is key to leading the Group to success and enhancing Shareholders' value. Therefore, the Board has elaborated a series of corporate governance policies and systems with the aim of fully protecting Shareholders' interests and continuously enhancing corporate value. At the same time, all Directors shall adhere to the principle of impartiality, lead by example and actively promote and practice the corporate culture to jointly facilitate the steady development of the Group.

The Company has adopted the relevant code provisions of the Corporate Governance Code as the basis for its corporate governance practices. The Board is of the view that the Company has complied with all applicable code provisions set out in the Corporate Governance Code during the Reporting Period.

## THE BOARD

The Board is the core decision-making organization of the Company and assumes the responsibilities for the leadership and control of the Group, and supervising and approval of financial performance, strategic development objectives and major business decisions. Meanwhile, the Board has delegated to the management the responsibilities for the Group's daily operations and business management according to the Board's instructions.

### 1. Board Composition

The composition of the Board during the Reporting Period and up to the date of this report is as follows:

	Appointment date	Current term of appointment
<b>Executive Directors</b>		
Mr. Wu Suozheng (吳鎖正) ( <i>Chairman</i> )	15 May 2023	December 2026
Mr. Sun Qi (孫琦)	15 May 2023	December 2026
Mr. Cheng Hongrang (成宏讓)	15 May 2023	December 2026
<b>Non-executive Directors</b>		
Mr. Zhao Junping (趙軍平)	15 May 2023	December 2026
Mr. Yang Gang (楊剛)	15 May 2023	December 2026
Ms. Li Lingxiao (李凌霄)	15 May 2023	December 2026
<b>Independent non-executive Directors</b>		
Mr. Lam Siu Wing (林兆榮)	23 May 2024	December 2026
Dr. Jiang Li (姜力)	23 May 2024	December 2026
Mr. Cao Yang (曹陽)	23 May 2024	December 2026

Biographies of the Directors are set out in the section headed "Directors and Senior Management" of this annual report. To the best of the Directors' knowledge, there is no other relationships (including financial, business, family or other material/relevant relationship(s)) between any member of the Board and other directors and senior management.

Each of the executive Directors, non-executive Directors and independent non-executive Directors has entered into a service contract or an appointment letter with the Company for a term of three years.

The H Shares were listed on the Main Board of the Stock Exchange on 3 July 2024, from which date the Corporate Governance Code commenced.

## 2. Appointment of the Directors

Pursuant to code provision B.2.2 of the Corporate Governance Code, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The term of office of each Director shall be three years or until the expiration of the term of the second session of the Board. Their re-election shall be subject to the provisions of the Articles of Association.

## 3. Independent Non-executive Directors

The Company has complied with Rule 3.10 and Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise during the Reporting Period.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## 4. Board Independence Evaluation

The combination of executive Directors and non-executive Directors in the Board is balanced, so that the Board of Directors maintains independence and can make effective independent judgments.

Meanwhile, to ensure the fairness and transparency of decision-making of the Board, when there is a Director who is connected to companies involved in a resolution of the Board meeting and has a material interest in a resolution or there are other abstention circumstances stipulated by laws, such Director shall take the initiative to abstain from voting on the resolution and shall not exercise the voting rights on behalf of other Directors. When calculating the quorum of Directors present at the meeting, such Director shall not be counted. The fairness and legality of resolution is so guaranteed. Implementation of such measures may help to maintain the authority and credibility of the Board and promote the healthy development of the Group.

## 5. Chairman and Chief Executive

Pursuant to code provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period and up to the date of this report, Mr. Wu Suozheng has been serving as the chairman of the Board, and Mr. Sun Qi has been serving as the general manager of the Company.

## 6. Role of the Board and the Management

The Board is the core decision-making organization of the Company and assumes the responsibilities for the leadership and control of the Group, and supervising and approval of financial performance, strategic development objectives and major business decisions. Meanwhile, the Board has delegated to the management the responsibilities for the Group's daily operations and business management according to the Board's instructions. The Board has established three special committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, and has delegated to the Board Committees various duties to improve governance efficiency. All the Board Committees perform their distinct roles in accordance with their respective terms of reference and jointly facilitate the steady development of the Group.

The Board reserves for its decision of all major matters relating to approval and supervision of corporate governance and policy matters, planning of overall strategies and budgets, establishment and improvement of internal control systems, approval of major transactions involving potential conflicts of interest, review and analysis of financial data, appointment of Directors and other material financial and operational decisions. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

## 7. Continuous Professional Development

Directors should participate in appropriate continuing professional development to develop and refresh their knowledge and skills, which shall cover all of the following topics:

- (a) the roles, functions and responsibilities of the Board, its committees and its Directors, and Board effectiveness;
- (b) the Company's obligations and the Directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties;
- (c) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Company and its business);
- (d) risk management and internal controls; and
- (e) updates on industry-specific developments, business trends and strategies relevant to the Company.

The Group will organize seminars regularly to provide Directors with the latest development and changes of Listing Rules and other relevant laws and regulations in a timely manner.

During the Reporting Period, the training records of the Directors are summarized as follows.

Directors	Types of training <sup>(Note)</sup>
Mr. Wu Suozheng	A, B and C
Mr. Sun Qi	A, B and C
Mr. Cheng Hongrang	A, B and C
Mr. Zhao Junping	A, B and C
Mr. Yang Gang	A, B and C
Ms. Li Lingxiao	A, B and C
Mr. Lam Siu Wing	A, B and C
Dr. Jiang Li	A, B and C
Mr. Cao Yang	A, B and C

*Notes:*

- A: Read relevant news alerts, newspapers, journals, magazines and other publications.
- B: Obtained learning resources through the Internet.
- C: Attended training sessions, including but not limited to briefings, seminars and conferences.

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs.

### 1. Audit Committee

We have established the Audit Committee on 23 May 2024 pursuant to Rule 3.21 of the Listing Rules with written terms of reference in compliance with paragraph D.3 of Part 2 of the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system of our Group, risk management and internal audit, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee consists of three members, namely Mr. Lam Siu Wing, Mr. Cao Yang and Mr. Yang Gang. The chairman of the Audit Committee is Mr. Lam Siu Wing, who is an independent non-executive Director with the appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

During the Reporting Period, the Audit Committee held six meetings, with major works including: (i) reviewing the annual results for the year ended 31 December 2024; (ii) reviewing the interim results for the six months ended 30 June 2025; (iii) reviewing and discussing the risk management and internal control systems of the Group and the effectiveness of the Group's internal audit function; (iv) discussing the re-appointment of auditor; and (v) discussing the change of auditors.

### 2. Remuneration Committee

We have established the Remuneration Committee on 23 May 2024 pursuant to Rule 3.25 of the Listing Rules with written terms of reference in compliance with paragraph E.1 of Part 2 of the Corporate Governance Code. The primary duties of the Remuneration Committee are to (i) establish, review and provide advice to the Board on the policies concerning remuneration of Directors and senior management officers and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, (ii) determine the terms of the specific remuneration package of each executive Director and senior management; (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) review and approve matters relating to share schemes under Chapter 17 of the Listing Rules.

The Remuneration Committee consists of three members, namely Mr. Cao Yang, Dr. Jiang Li and Ms. Li Lingxiao. The chairman of the Remuneration Committee is Mr. Cao Yang.

During the Reporting Period, the Remuneration Committee held one meeting.

### 3. Nomination Committee

We have established the Nomination Committee on 23 May 2024 pursuant to Rule 3.27A of the Listing Rules with written terms of reference in compliance with paragraph B.3 of Part 2 of the Corporate Governance Code. The primary duties of the Nomination Committee are to (i) review the structure, size and composition of the Board on a regular basis and make recommendations regarding any proposed changes to the composition of the Board, (ii) identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, and ensure the diversity of the Board, and (iii) assess the independence of our independent non-executive Directors and make recommendations on matters relating to the appointment, reappointment and removal of the Directors and succession planning.

During the Reporting Period, the Nomination Committee consists of three members, namely Mr. Wu Suozheng, Mr. Cao Yang and Dr. Jiang Li. The chairman of the Nomination Committee is Mr. Wu Suozheng.

During the Reporting Period, the Nomination Committee held one meeting.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' TIME COMMITMENT AND CONTRIBUTION ASSESSMENT

The Nomination Committee has assessed the Directors' time commitment and contribution to the Board for the Reporting Period based on the following factors:

### (a) Other Listed Directorships and/or Other Significant External Commitments

All Non-executive Directors and Independent Non-executive Directors have annually disclosed to the Company their other directorships held in Hong Kong listed companies, as well as any other significant commitments. As at 31 December 2025, none of the Directors held more than six other listed company directorships in other listed companies in Hong Kong.

### (b) Attendance Record

All Directors have attended all Board Meetings, Board Committees Meetings, AGM and EGM held during the Reporting Period when he/she was in office.

### (c) Responsibilities and Skills

Directors were able to contribute effectively to the Board through their responsibilities and skills. The skills and expertise of the Directors are set out in the Board Skills Matrix section of this report.

In view of the above, the Nomination Committee believes that the Directors are able to devote sufficient time to the affairs of the Group without being over-occupied with the business of other listed companies.

## GENERAL MEETINGS, BOARD MEETINGS AND BOARD COMMITTEES' MEETINGS

### 1. Board Meetings

Regular Board meetings should be held at least four times a year involving active participation of the Directors, either in person or through electronic means of communication. During the Reporting Period, the Board convened 9 meetings.

### 2. Attendance records of Directors

The attendance record of each Director at general meetings, Board meetings and meetings of Board Committees held during the Reporting Period is set out in the table below.

Name of Director	Number of attendance/Number of meetings held				
	General meetings	Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Wu Suozheng	2/2	9/9	–	–	1/1
Mr. Sun Qi	2/2	9/9	–	–	–
Mr. Cheng Hongrang	2/2	9/9	–	–	–
Mr. Zhao Junping	2/2	9/9	–	–	–
Mr. Yang Gang	2/2	9/9	6/6	–	–
Ms. Li Lingxiao	2/2	9/9	–	1/1	–
Mr. Lam Siu Wing	2/2	9/9	6/6	–	–
Dr. Jiang Li	2/2	9/9	–	1/1	1/1
Mr. Cao Yang	2/2	9/9	6/6	1/1	1/1

The Corporate Governance Code requires that the chairman should at least annually hold one meeting with the independent non-executive directors without the presence of other directors. The Chairman held one separate meeting with the independent non-executive Directors during the Reporting Period.

## NOMINATION POLICY

The Company has also adopted the director nomination policy (the “**Director Nomination Policy**”).

The Director Nomination Policy sets out the nomination criteria of a proposed candidate, including without limitation to the following: (i) qualifications including professional qualifications, skills, knowledge and experience, requirements of independent non-executive Director (“**INED**”); (ii) character and integrity; (iii) diversity in all aspects, including without limitation to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience, length of service; (iv) commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company; (v) independence of the proposed INEDs in accordance with the Listing Rules; and (vi) any other relevant factors as may be determined by the Nomination Committee or the Board from time to time.

The Director Nomination Policy also sets out the following nomination procedure:

- (a) If the Nomination Committee determines that an additional or replacement Director is required, the secretary of the Nomination Committee shall convene a meeting, and invite nominations from the Board members (if any) prior to the meeting, and the Nomination Committee may also put forward candidates who are not nominated by the Board members. The Nomination Committee shall take such measures that it considers appropriate in connection with its identification and/or evaluation of a candidate.
- (b) In the context of appointment of any proposed candidate to the Board, the Nomination Committee shall submit the candidate’s personal profile and a proposal to the Board for its consideration. In order to be a valid proposal, the proposal must clearly indicate the nominating intention and the candidate’s consent to be nominated and the personal profile must incorporate and/or be accompanied by the full particulars of the candidate that are required to be disclosed under the Listing Rules, including the information and/or confirmation required under Rule 13.51(2) of the Listing Rules. If the candidate is proposed to be appointed as an INED, his or her independence shall be assessed in accordance with the factors set out in Rule 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time.
- (c) In the context of re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

## DIVERSITY

### 1. Board Diversity

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company’s strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and education background, ethnicity, professional experience, independence, knowledge and length of service. Potential Board candidates will be selected based on merit and his/her potential contribution to the Board while taking into consideration the Group’s own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

# CORPORATE GOVERNANCE REPORT

The Directors have a balanced mix of knowledge, skills and experience, including property management, business management, auditing, finance and investment. They obtained degrees in various majors, including property management, auditing, business management, engineering, electric power system and automation, industrial electrical automation and operations and management science. The Board consists of three independent non-executive Directors who have different industry backgrounds, representing over one-third of the Board members. Furthermore, the Board has a wide age range of 35 to 69 years old. With regard to gender diversity of the Board, we recognize the particular importance of gender diversity. The Board currently comprises one female Director and eight male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels. The board diversity policy provides that the Board should aim to increase the proportion of female members over time after the Listing where possible when selecting and making recommendations on suitable candidates for Board appointments. We will also ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to the Board going forward. It is our objective to maintain an appropriate balance of gender diversity with reference to the expectation of stakeholders and international and local recommended best practices. Taking into account our existing business model and specific needs as well as the different background of the Directors, the Directors consider that the composition of the Board satisfies the board diversity policy.

The Nomination Committee is responsible for ensuring the diversity of the Board members and will review the board diversity policy annually to ensure its continued effectiveness.

## 2. Employee Diversity

The Group encourages gender diversity across its workplace. We maintain a 7:1 and 52.5:47.5 ratio of males to females in senior management (excluding Directors) and the workforce respectively as at 31 December 2025. The Nomination Committee considered that the current ratio of male and female employees is relatively balanced, and the Group will continue to maintain the gender diversity in workforce. The Group will also ensure the gender diversity when recruiting staff at mid to senior level of the Group so that it will have a pipeline of female employees and potential successors to the senior management in the future.

## 3. Board Skills Matrix

Skills Area	Description	Importance <i>(Note)</i>	Adequacy	Plans to Address Gaps / Expand Skills
Strategy	Ability to identify strategic opportunities and threats, whilst developing and implementing plans to achieve corporate objectives	High	Adequate	Continuous optimisation to be incorporated into annual strategy review
Leadership	Ability to lead corporate teams and implement plans and policies	High	Adequate	Support Directors in continuous professional development
Industry Knowledge and Experience	Familiarity with the Group's business daily operations, market development, competitors, technology and innovation	High	Adequate	Support Directors in continuous professional development; arrange briefings on compliance and financial updates
Risk Management and Compliance	Ability and experience in implementing, managing or overseeing risk management and internal control systems for legal and regulatory compliance	High	Adequate	Regularly arrange compliance training and review internal control framework

# CORPORATE GOVERNANCE REPORT

Skills Area	Description	Importance (Note)	Adequacy	Plans to Address Gaps / Expand Skills
People Management Experience	Experience at a senior level with responsibilities for people management and successful implementation of change	Medium	Adequate	Leverage internal experience to drive organisational talent development initiatives
Diversity (e.g., age, gender, culture)	Contribution to Board diversity in terms of age, gender, cultural background, etc.	Medium	Adequate	Continue to proactively consider candidates with more diverse backgrounds through the nomination process when making future director appointments
Emerging Topics	Understanding and knowledge of emerging topics to ensure that the Company is forward-thinking	Medium	Continuously improving	Encourage Directors to stay abreast of relevant trends and arrange thematic learning sessions as appropriate
Qualifications	Formal qualifications in relevant fields to assist the Board in its decision-making, for example, accounting/ finance, economics/ business, law	High	Adequate	Support Directors in continuous professional development to maintain continued validity of relevant professional qualifications

Note: The relevance of each skill to the Company's business needs:

- High: Skills currently essential for the Board
- Medium: Skills that are beneficial but not essential.

## CORPORATE GOVERNANCE FUNCTIONS

Pursuant to code provision A.2.1 of the Corporate Governance Code, the Board is responsible for performing corporate governance duties, including:

- develop and review the Company's policies and practices on corporate governance;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the Reporting Period, the Board has performed the above duties.



# CORPORATE GOVERNANCE REPORT

## INDEPENDENT VIEW FROM DIRECTORS

To ensure independent views and input from any Director are available to the Board, the following mechanisms implemented in the corporate governance framework of the Company has been reviewed by the Board:

### Proceedings of the Board

At least 14 days' formal notice of regular Board and Board Committee meetings was given to all Directors, and all Directors were invited to include matters for discussion in the agenda. Directors were provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information at least three business days in advance of every regular Board and Board Committee meeting, which enables full deliberation on the issues to be considered at the respective meetings.

### Board decision making

During the Board and Board Committee meetings, all Directors were encouraged to freely express their independent views and inputs in an open and candid manner, provide open and objective challenges, offer informed insight and responses to the management, and contribute their knowledge of the businesses and markets in which the Group operates. Independent non-executive Directors may express their views through formal or informal channels in an open and candid manner as well as in a confidential manner. Comments and concerns raised by the Directors were closely followed up by the management.

In addition to regular Board meetings, the Chairman scheduled an annual meeting with the independent non-executive Directors without the presence of other Directors to discuss the affairs of the Group.

The joint company secretaries of the Company prepared minutes of meetings of the Board and Board Committees to record not only the decisions reached but also any concerns raised or dissenting views expressed by Directors. The draft version of the minutes is circulated to all Directors for their comments and confirmations.

The final versions were provided to the Directors for records. Minutes of all Board and Board Committee meetings are available for Directors' inspection.

### Supply of and access to information

Directors were provided with monthly reports covering highlights of the Group's major businesses, keeping them abreast of the Group's business performance and enabling them to make informed decisions in the best interests of the Company and the Shareholders. More thorough and comprehensive management and financial updates were provided to all Board members on a quarterly basis to ensure each member was aware of the Group's financial performance and position.

The Board met the management on a quarterly basis, reporting the Group's business performance, risk management, internal controls, and legal and compliance matters.

Directors also had access to the advice and services of the joint company secretaries of the Company who supported the Board, ensured proper information flow within the Board, and Board policies and procedures were followed.

To facilitate the proper discharge of Directors' duties and responsibilities, all Directors were entitled to seek advice from the joint company secretaries of the Company or inhouse legal team, as well as from independent professional advisers, at the expense of the Company, in which the joint company secretaries of the Company were responsible for making all necessary arrangements.

As such, the Board considered the Company has established the mechanism to ensure independent views and input are available to the Board, and the implementation and effectiveness of the mechanism is effective throughout the year.

The implementation and effectiveness of the above mechanism shall be reviewed by the Board on an annual basis.

## BOARD PERFORMANCE EVALUATION

In 2026, the Nomination Committee conducted an internal review to evaluate the performance of the Board.

The evaluation focused on the five dimensions of an effective board: purpose, strategy and risk alignment; structure and process; people and composition; culture and behaviours; and board leadership.

The Nomination Committee considered the evaluation results in March 2026.

The evaluation noted that the Board is highly effective with the following core strengths underpinning its performance:

- Strong sense of shared purpose and risk stewardship;
- Directors with deep market expertise and strong professional commitment, supported by high-calibre executives who enrich dialogue and decision-making;
- A high-integrity, collaborative, and collegial culture, marked by mutual respect and open engagement inside and outside the boardroom; and
- Professional and efficiently administered governance, with well-structured meetings, high-quality materials, and disciplined use of time.

## JOINT COMPANY SECRETARIES

Mr. Li Xiuyuan (李修遠) and Ms. Leung Shui Bing (梁瑞冰) currently serves as the joint company secretaries of the Company. Ms. Leung is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider) and is responsible for provision of corporate secretarial and compliance services to listed company clients.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters.

Mr. Li Xiuyuan has been designated as the primary contact person at the Company, and is responsible for working and communicating with Ms. Leung Shui Bing on the Company's corporate governance and secretarial and administrative matters.

Mr. Li Xiuyuan and Ms. Leung Shui Bing had undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the Reporting Period.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's employees who, because of his/her office or employment, are likely to possess inside information. Specific enquiries have been made by the Company to all the Directors and the Supervisors, and all of the Directors and the Supervisors have confirmed that they have complied with the Model Code during the Reporting Period (or, in respect of the Supervisors, for the period from 1 January 2025 until the abolition of the Supervisory Committee on 22 October 2025). No incident of non-compliance of the Model Code by the employees was identified by the Company during the Reporting Period.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Company has established a risk management and internal control system in accordance with the requirements of paragraph D.2 under Section II of the Corporate Governance Code, which is responsible for independently reviewing the adequacy and effectiveness of the risk management and internal control system of the Company, and continuously monitoring and reviewing the effectiveness of its operation once a year. The system aims to manage rather than eliminate the risk of failure to achieve business objectives, promote effective and efficient operations, reasonably ensure the reliability of financial reports and comply with applicable laws and regulations and protect the assets of the Group. The Board can only give reasonable but not absolute assurance that there will be no material misrepresentation or loss.

During the Reporting Period, we formulated the risk management measures (風險管理辦法), which clarified the organization of risk management, the responsibilities and authorities of the relevant departments, established measures for the formation and adjustment of risk lists, and set up a response system for risk assessment, risk reporting, and disposal of risk events.

### 1. The Board's responsibilities

The Board recognises its responsibility for the risk management and internal control systems and reviewing their adequacy and effectiveness. The Board conducts annual review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions.

The Audit Committee assists the Board in leading the review of the Company's financial supervision and control, risk management and internal control systems. Such review is formally conducted at each Audit Committee meeting, which includes an annual review of the effectiveness of the risk management and internal control systems.

### 2. Risk management process

The risk management process is cascaded throughout the Group, from the Board level to management level.

Senior management and department heads are required to identify, evaluate and manage risks associated with business operations on an on-going basis with defined parameters, and record these in the risk registers. For each risk identified, management assesses their root causes, consequences and mitigating controls. Such assessment takes into account of the (i) probability of risk occurrence and (ii) degree of potential loss. The result of the assessment is summarised on a risk register and is reviewed by the Board. It is mandatory for this process to be conducted at least once a year.

Apart from the risk management process, the legal department monitors compliance with relevant laws and regulations which govern the Group's businesses.

The Board confirms that, in the absence of any evidence to the contrary, the risk management and internal control systems maintained by the Group and that were in place throughout the financial year and up to the date of this report, are appropriate and effective for the purposes set out in Principle D2 of the Corporate Governance Code, and has been reviewed on an ongoing basis.

### Internal Audit

During the Reporting Period, in accordance with the internal audit work system (內部審計工作制度) which officially took effective after listing, and combining the requirements of state-owned assets supervision and superior management, the Group formulated the internal audit management measures (內部審計管理辦法) as a detailed supplementary system to the internal audit work system. The measures clarify the audit management organization and the responsibilities and authorities of relevant departments, and conduct independent and objective supervision, evaluation, and recommendations on financial revenues and expenditures, economic activities, internal controls, risk management, and other aspects related to the Company's internal business operations, so as to promote the Company's governance improvement, operational efficiency enhancement, and achievement of business objectives.



## CORPORATE GOVERNANCE REPORT

The audit focuses on key areas and critical links in daily operations, including but not limited to corporate governance, asset preservation and appreciation, internal controls, bidding management, and outsourcing management.

To address potential integrity risks in audit work, the measures stipulate that during audits, the audit work and reporting hotline must be publicized. Audit teams must commit to abiding by the “eight no-no” work discipline, and audited units must commit to the truthfulness and completeness of the information provided. Third-party audit institutions may be introduced as appropriate, and interested parties should recuse themselves.

To address audit quality control risks, key business processes (such as bidding, procurement, and contract management) are prioritized during audits to ensure audit quality. Clues discovered during audits are promptly transferred to discipline inspection and other relevant departments.

Annually, based on feedback from internal audit work, the Group assess the scientificity and rationality of the system and formulate revision plans. We also conduct routine management review activities to evaluate the suitability, sufficiency, and effectiveness of the current system, identifying and filling gaps in existing systems. In 2025, the Company plans to establish the Economic Accountability Audit Management Measures (經濟責任審計管理辦法) to continuously improve the existing audit system framework.

### Whistleblowing and Anti-corruption Policy

To combat fraudulent activities and corruption, we have adopted and implemented the Anti-bribery, Reporting and Complaint Management Measures (反舞弊及舉報投訴管理辦法), which stipulate, among other things, that:

- all of the Directors, management and employees of the Company are strictly prohibited from accepting or offering bribes, rebates or kickbacks and any other kind of bribery, abuse of power or corruption acts;
- anti-bribery policies and procedures are incorporated in the employees’ handbook;
- all employees committing fraudulent acts would receive disciplinary actions as advised by the office of discipline inspection of the Company according to the relevant regulations and be reported to the judicial authority as appropriate; and
- the Company has established a whistle-blower program and designated a hotline and an email address for whistle-blowers to provide named or anonymous tips regarding fraudulent activities and corruption.

### Procedures for Handling and Dissemination of Inside Information

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

## AUDITORS’ REMUNERATION

Remuneration paid and payable to the external auditor of the Company in respect of services for the Reporting Period is set out below.

Services provided by the auditor	Amount RMB’000
Audit services	1,774
Non-audit services	–

## SHAREHOLDERS' RIGHTS

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

### Convening of general meetings

Pursuant to the Articles of Association, the general meetings are generally convened by the Board.

Independent non-executive Directors shall be entitled to propose to the Board to convene an extraordinary general meeting. Regarding the proposal requesting to convene an extraordinary general meeting by the independent non-executive Directors, the Board shall, in accordance with laws, administrative regulations and the Articles of Association, inform in writing whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal.

The Supervisory Committee shall be entitled to propose to the Board to convene an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, in accordance with laws, administrative regulations, departmental rules, the Listing Rules and the Articles of Association, give a written reply on whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal.

Shareholder(s) severally or jointly holding 10% or more of the shares of the Company shall be entitled to request the Board to convene an extraordinary general meeting, and add resolutions to the agenda of the meeting, and shall put forward such request to the Board in writing, stating the topics to be discussed at the meeting. The Board shall, in accordance with laws, administrative regulations and the Articles of Association, give a written reply on whether it agrees or disagrees to convene an extraordinary general meeting within ten days upon receipt of the proposal, without unreasonable delay or obstruction.

### Proposals of general meetings

When a general meeting is convened by the Company, the Board, and Shareholder(s) who severally or jointly hold(s) more than three percent of the shares of the Company shall be entitled to make proposals to the general meetings.

Shareholder(s), who severally or jointly hold(s) more than three percent of the shares of the Company, may submit ad hoc proposals in writing to the convener ten days before the convening of the general meeting. The convener shall issue a supplemental notice of the general meeting within two days upon receipt of the proposals and announce the contents of the ad hoc proposals, and place the proposals on the agenda for the general meeting and submit the proposals for consideration at the general meeting if such proposals fall within the scope of duties of general meetings. Except for circumstances provided in the above paragraph, the convener, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

### Enquiries to the Board

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

Address: Room 10701, Unit 1, Building 3, Xi'an Financial Innovation Center, No. 51 Fengcheng 2nd Road, Economic and Technological Development Zone, Xi'an, Shaanxi, PRC

Email: [lixuyuan@xajfwy.cn](mailto:lixuyuan@xajfwy.cn)

## ARTICLES OF ASSOCIATION

On 22 October 2025, the Articles of Association was amended by the Shareholders by way of passing of a special resolution in an extraordinary general meeting of the Company to, among other things, abolish the Supervisory Committee. Please refer to the announcement and the circular published by the Company on 1 October 2025 for details of the amendments to the Articles of Association.

Save as disclosed above, there is no significant changes in the Articles of Association during the Reporting Period. The latest version of the Articles of Association is available on the Company's website ([www.xajfwy.com](http://www.xajfwy.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## DIVIDEND POLICY

The Company has adopted a dividend policy (the "**Dividend Policy**") on payment of dividends, including the proposal of declaration and/or payment of dividend and determination of the dividend amount. The Company currently does not set any pre-determined dividend payout ratio.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out below, interim and/or special dividends may be proposed and/or declared by the Board in its sole and absolute discretion during a financial year and any final dividends for a financial year will be subject to the shareholders' approval.

In considering the payment of dividends, there shall be a balance between maintaining sufficient capital to grow the Group's business and rewarding the shareholders of the Company. The Board shall take into account the following factors, among other factors:

- (a) the Group's overall results of operation, financial position, liquidity position, capital requirements, cash flow and future prospects;
- (b) the amount of distributable reserves of the Company;
- (c) the expected capital requirements and future expansion plans of the Group;
- (d) the general business and regulatory conditions, the business cycle of the Group and other internal or external factors that may have an impact on the business or financial performance and position of the Group;
- (e) the statutory and regulatory restrictions;
- (f) the contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries of the Company to the Company;
- (g) the Shareholders' interests; and
- (h) other factors that the Board deems relevant.

The dividend decision made by the Board on account of the Reporting Period was made in accordance with the Dividend Policy.



## CORPORATE GOVERNANCE REPORT

### COMMUNICATION WITH THE SHAREHOLDERS AND INVESTOR RELATIONS

The Company believes that effective communication with shareholder is essential to enhance investor relations and to keep investors informed of the Group's business performance and strategies. The Company has established various and a wide range of communication channels with Shareholders, including general meeting, annual results and interim results, annual and interim reports, announcements and circulars and performance conference. To facilitate the communication between the Company and investors, the Company holds meetings, briefings and roadshows with investors and analysts from time to time. Apart from that, the Company invites investors and business stakeholders to visit our management site every now and then, giving them the opportunities to meet with the local management and visit our facilities. Shareholders may make enquires with the Company through channels mentioned above, and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make actual responses to the Shareholders as soon as possible.

In addition, the Company updates its website from time to time to keep the Shareholders updated of the recent development of the Company. The Company endeavors to maintain an ongoing dialogue with shareholders. At the annual general meeting, the Directors (or their delegates as appropriate) will be available to meet with the Shareholders and answer their enquiries. Having considered the multiple channels of communication in place as described above, the Company considers the implementation of the Shareholders' communication policy during the Reporting Period was effective.



# DIRECTORS AND SENIOR MANAGEMENT

As of the date of this report, the information of the directors and senior management of the Company is as follows:

## DIRECTORS

### Executive Directors

**Mr. Wu Suozheng (吳鎖正) (“Mr. Wu”)**, aged 57, joined our Group on 14 April 2009. He was appointed as the Director on 18 January 2013 and was re-designated as our executive Director on 15 May 2023. He has been serving as the chairman of our Board since February 2013. He is primarily responsible for the business direction and strategic planning of our Group. From April 2009 to April 2016, Mr. Wu served as the general manager of our Company, where he was primarily responsible for our overall operation and management and overseeing business development strategy, investment plan, management of Party and mass organizations and disciplinary inspection work.

Mr. Wu has over 18 years of experience in the PRC property management industry. Prior to joining our Group, from July 1991 to February 2000, he served as the section chief (科長) of the equipment department at Xi’an No. 3 Printing Factory (西安市第三印刷廠), a printing factory. From February 2000 to March 2004, he served concurrently as the head of equipment management department and a deputy manager of property management department at Xi’an Gaoke Industrial Co., Ltd. Real Estate Branch (西安高科實業股份有限公司房地產分公司), a property company, where he was primarily responsible for management and maintenance of facilities and equipment. From March 2004 to March 2005, he served as a deputy general manager of Xi’an Jingfa Chengyun Culture and Sports Industry Co., Ltd. (西安經發城運文化體育產業有限公司), a sport venue management company, where he was primarily responsible for its daily operation and management. From April 2005 to June 2008, he served as a manager of the material procurement and supply department of Xi’an Kingfar Real Estate Co., Ltd. (西安經發地產有限公司) (“**Kingfar Real Estate**”), where he was primarily responsible for the procurement of raw materials. From March 2008 to April 2009, he served as the general manager of Xi’an Kingfar Landscape Greening Co., Ltd. (西安經發景觀綠化有限公司), a landscaping and public facility management company, where he was primarily responsible for its overall operation and management.

Mr. Wu obtained a bachelor’s degree in industrial electrical automation from Shaanxi University of Technology (陝西理工大學) in the PRC in July 1991. In April 1998, he was certified as an engineer by Xi’an Human Resources and Social Security Bureau (西安市人力資源和社會保障局) (previously known as Xi’an Human Resources Bureau (西安人事局)). He also obtained the property management qualification certificate from the Department of Human Resources and Social Security of Shaanxi Province (陝西省人力資源和社會保障廳) in September 2011. In addition, Mr. Wu has been granted a number of awards. In September 2011, he was conferred “Senior Property Service Enterprise Manager with More than 15 Years of Practice” by China Property Management Association (中國物業管理協會). In April 2015, he was recognized as an “Outstanding Figure” (“先進個人”) for his contribution to building civilized city by Xi’an Municipal Committee of the CPC (中國共產黨西安市委員會) and Xi’an Municipal People’s Government (西安市人民政府). In June 2016, he was awarded the title of “Outstanding CPC Member of Xi’an Economic and Technological Development Zone” (“經開區優秀共產黨員”) by the Party Working Committee of Xi’an Economic and Technological Development Zone (西安經濟技術開發區黨工委). In April 2019, he was recognized as an “Outstanding Entrepreneur” by Xi’an Social Credit System Construction Leading Group (西安市社會信用體系建設領導小組). In December 2020, he was recognized as one of the “Top 100 PRC property managers” (“中國物業經理人100強”) by Leju Finance (樂居財經), Sina Finance (新浪財經), China Entrepreneur Magazine, Fangchan.com (中房網) and China Property Management Research Institution (中物研協). In June 2021, he was awarded the title of “Xi’an Outstanding Party Affairs Worker” (“西安市優秀黨務工作者”) by Xi’an Municipal Committee of the CPC (中國共產黨西安市委員會). In July 2021, he was appointed as the chairman of Xi’an Property Management Industry Association (西安市物業管理行業協會). In October 2022, he was appointed as the chairman (主任委員) of Xi’an Property Service Standardization Technical Committee (西安市物業服務標準化技術委員會). In December 2023, he was conferred the title of “2023 Outstanding Entrepreneur of China Property Industry” (“2023中國物業卓越企業家”) by CPM Think Tank (中物智庫). In January 2025, he was awarded the title of “2024 Leading Figure in State-Owned Property Management Enterprises in the Northwest Region” (“2024西北區域國有物業企業領軍人物”) by CRIC Property Management (克而瑞物管) and the China Property Research Association (中物研協). In December 2025, he was awarded the title of “2025 Outstanding Entrepreneur of China Property Industry” (“2025中國物業卓越企業家”) by CPM Think Tank (中物智庫).



## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Sun Qi (孫琦) (“Mr. Sun”)**, aged 44, joined our Group on 8 August 2006. He was appointed as our Director on 28 December 2020 and was re-designated as our executive Director on 15 May 2023. He is primarily responsible for the overall operation and management of our Group. From August 2006 to December 2006, Mr. Sun served as a manager of the security department of our Company, where he was primarily responsible for project security management and order maintaining. From March 2008 to April 2009, he served as the director of the property management office of Kingfar Building (經發大廈) which was managed by our Company, where he was primarily responsible for property management services. From April 2009 to September 2010, he served as an assistant to the general manager of our Company, the manager of property management office of Kingfar Building and the general manager of our administrative property branch, where he was primarily responsible for assisting the general manager with the operation and management of our Company. From September 2010 to March 2014, he served as the deputy general manager of our Company and the general manager of our administrative property branch, where he was responsible for assisting the general manager with its daily management and the daily operation and management of municipal government projects. From March 2014 to April 2016, he served as the deputy general manager of our Company, where he was primarily responsible for assisting the general manager with daily operation and management of our Company. Mr. Sun has been serving as the general manager of our Company since April 2016, where he has been primarily responsible for our overall operation and human resource management.

Prior to joining our Group, from March 2002 to January 2004, Mr. Sun worked at Xi’an Hi-Tech Industrial Co., Ltd. Real Estate Branch (西安高科實業股份有限公司房地產分公司), a real estate company. From January 2004 to August 2006, Mr. Sun served as a staff at Kingfar Real Estate, where he was primarily responsible for administrative matters. From 2007 to 2008, Mr. Sun served as a project manager at Shaanxi Xinyuan Property Management Co., Ltd. (陝西信元物業管理有限公司), a property management service provider, where he was primarily responsible for property management services.

Mr. Sun obtained a diploma in property management from Jinan University (暨南大學) in the PRC in June 2005. He also obtained a bachelor’s degree in business management from the Open University of China (國家開放大學) (previously known as China Central Radio and TV University (中央廣播電視大學)) in the PRC in January 2010 and a master’s degree in business administration from Shaanxi Master of Business Administration Institute (陝西工商管理碩士學院) in the PRC in May 2024. In May 2012, he was certified as a certified property manager by the Certification Body International Project Management Association (“IPMA”) China Certification of the Project Management Research Committee (“PMRC”) (國際項目管理專業資質認證中國認證委員會). In June 2014, he was certified as a certified property manager by the MOHURD. In addition, Mr. Sun has also obtained various awards. In 2009, he was conferred the title of “Shaanxi Outstanding Project Manager of Property Management” by Shaanxi Property Management Association (陝西省物業管理協會). In 2021 and 2022, he was recognized as a “Xi’an Property Industry Expert” by Xi’an Housing and Urban-Rural Development Bureau (西安市住房和城鄉建設局). In July 2022, he was appointed as a vice president of by Shaanxi Property Management Association. In February 2023, he was recognized as a “Xi’an Leading Young Entrepreneur” (“西安市領軍型青年企業家”) by various associations including the Organization Department of Xi’an CPC Municipal Committee (中共西安市委組織部), Xi’an Market Supervision Administration (西安市市場監督管理局) and Xi’an Federation of Industry and Commerce (西安市工商業聯合會). In December 2025, he was awarded the title of “2025 China Property Management Excellence Manager” (“2025中國物業卓越經理人”) by CPM Think Tank (中物智庫).

**Mr. Cheng Hongrang (成宏讓) (“Mr. Cheng”)**, aged 52, joined our Group on 13 August 2005 and was appointed as our executive Director on 15 May 2023. He is primarily responsible for the operation and management of city service business of our Group. From August 2005 to August 2006, Mr. Cheng served as a deputy general manager of our Company, where he was primarily responsible for assisting the general manager with the overall management of our Company. From August 2006 to July 2025, Mr. Cheng served as the general manager of Kingfar City Service and has been primarily responsible for its strategic planning and overall operation and management.

Prior to joining our Group, from September 1996 to December 2003, Mr. Cheng served as a staff at the finance department, operation department and resource planning department of Xi’an Gaoke Industrial Co., Ltd. Real Estate Branch (西安高科實業股份有限公司房地產分公司), a real estate company. From January 2004 to August 2005, Mr. Cheng held various positions at Kingfar Real Estate including deputy manager of land resources management department and material department, where he was primarily responsible for department management. Since August 2025, he has also been serving as executive director and general manager of Xi’an Kingfar Chengyun Culture and Sports Industry Co., Ltd. (西安經發城運文化體育產業有限公司) (a sports venue management company).

Mr. Cheng obtained a diploma in electronic data processing accounting from Shaanxi Labor College (陝西工運學院) in the PRC in January 2006.



## DIRECTORS AND SENIOR MANAGEMENT

### Non-executive Directors

**Mr. Zhao Junping (趙軍平) (“Mr. Zhao”)**, aged 49, joined our Group on 28 December 2020 as the president of the supervisory committee and a supervisor of our Company until August 2022. Mr. Zhao was appointed as our Director on 25 August 2022 and was re-designated as our non-executive Director on 15 May 2023. He is primarily responsible for supervision of the management team and provision of guidance for the overall operation and business development of our Group.

From January 2005 to January 2017, he successively held various positions at the investment department of Xi’an Development and Reform Commission (西安市發展和改革委員會), including serving as senior staff member (副主任科員) and principal staff member (主任科員), where he was primarily responsible for daily management matters. From January 2017 to April 2018, he served as the director of investment and financial management department of Kingfar Group, where he was primarily responsible for its investment management, project execution and development and strategic planning. From October 2017 to December 2025, he served as the supervisor of Xi’an But’one Information Corporation (西安博通資訊股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600455) and principally engaged in research, development and sale of proprietary application software products and industry solutions, where he has been primarily responsible for supervising its board and senior management. From April 2018 to September 2022, he served as the deputy general manager (常務副總經理) of Kingfar Real Estate, where he was primarily responsible for the daily operation and management of the company. From September 2022 to November 2022, Mr. Zhao served as the general manager of Kingfar Real Estate. From November 2022 to November 2025, he served as a director and the general manager of Kingfar Real Estate, where he has been primarily responsible for its overall operation and management. Since December 2022, he has also been serving as an executive director and the general manager of Xi’an Kingfar Industrial Park Construction Co., Ltd. (西安經發產業園建設有限公司), an industrial park developer, where he was primarily responsible for its overall operation and management. Since September 2025, he has been serving as a director of Xi’an Kingfar Properties Co., Ltd. (西安經發置業有限公司).

Mr. Zhao obtained a bachelor’s degree in barrack engineering from PLA Army Service Academy (中國人民解放軍陸軍勤務學院) (previously known as Logistics Engineering University of PLA (中國人民解放軍後勤工程學院)) in the PRC in July 1999. He obtained a master’s degree in water conservancy and hydropower engineering construction management from Xi’an University of Technology (西安理工大學) in the PRC in July 2016.

**Mr. Yang Gang (楊剛) (“Mr. Yang”)**, aged 41, was appointed as our non-executive Director on 15 May 2023, primarily responsible for supervision of the management team and provision of guidance for the overall operation and business development of our Group.

From August 2011 to March 2023, Mr. Yang served at the finance and assets department of the 20th Research Institute of China Electronics Technology Group Corporation Limited (中國電子科技集團公司第二十研究所) (“**the 20th Research Institute of CETC**”), an institute specialized in computer, communication and other electronic equipment manufacturing, where he was primarily responsible for financial related matters. During his employment with the 20th Research Institute of CETC, in March 2022, he was appointed as the head of finance and assets department at CETC Ruizhi Power Technology (Xi’an) Co., Ltd. (中電科瑞志電源技術(西安)有限公司), a subsidiary of CETC and a computer, communication and other electronic equipment manufacturer, where he was primarily responsible for its overall financial management. Since March 2023, he has been serving as a deputy director of the finance department of Kingfar Group, where he has been primarily responsible for its overall financial management.

Mr. Yang obtained both his bachelor’s degree and master’s degree in accounting from Chang’an University (長安大學) in the PRC in September 2008 and June 2011, respectively. He was certified as an intermediate accountant by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and the MOF in September 2017. He was also certified as a certified public accountant by the Certified Public Accountant Examination Committee of the Ministry of Finance of the PRC (財政部註冊會計師考試委員會) in November 2022. In December 2023, he obtained the title of senior accountant, recognized by the Shaanxi Provincial Department of Human Resources and Social Security (陝西省人力資源和社會保障廳).



## DIRECTORS AND SENIOR MANAGEMENT

**Ms. Li Lingxiao (李凌霄) (“Ms. Li”)**, aged 37, was appointed as our non-executive Director on 15 May 2023, primarily responsible for supervision of the management team and provision of guidance for the overall operation and business development of our Group.

From November 2011 to April 2017, Ms. Li served as a project manager at the Xi’an Branch of Shinewing Certified Public Accountants (Special General Partnership) (信永中和會計師事務所(特殊普通合夥)西安分所), where she was primarily responsible for auditing work. From May 2017 to August 2017, she served as an accountant at Chang’an International Trust Co., Ltd. (長安國際信託股份有限公司), a trust and investment banking service provider, where she was responsible for accounting related matters. From May 2018 to July 2020, Ms. Li served as a review manager at Hanhua financing guarantee Co., Ltd. (瀚華融資擔保股份有限公司), a financing guarantee company, where she was primarily responsible for project review and evaluation. From July 2020 to September 2021, she served as a staff of the internal audit department of Kingfar Group, where she was primarily responsible for auditing and risk management. Ms. Li has been serving as a deputy director of the strategic investment department of Kingfar Group since September 2021, where she has been responsible for assisting the director in strategy, investment and equity management related matters. In November 2024, she was appointed as a supervisor of Xi’an But’one Information Corporation (西安博通資訊股份有限公司), primarily engaged in development, sales and integration of application software products with independent intellectual property rights, as well as industry solutions, which is listed on Shanghai Stock Exchange (stock code: 600455).

Ms. Li obtained a bachelor’s degree in auditing from Xi’an University of Posts and Telecommunications (西安郵電大學) (previously known as Xi’an College of Posts and Telecommunications) (西安郵電學院) in the PRC in July 2011. She also obtained a master’s degree in business administration from Shaanxi Normal University (陝西師範大學) in the PRC in December 2021. In January 2014, she was certified as a certified public accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會). In September 2016, she was certified as an intermediate accountant by the Department of Human Resources and Social Security of Shaanxi Province (陝西省人力資源和社會保障廳). In November 2016, she obtained the securities qualification certificate from Securities Association of China (中國證券業協會). In November 2017, she was certified as a certified tax agent by the China Certified Tax Agents Association (中國註冊稅務師協會). In July 2021, she was also certified as a financial risk manager by Global Association of Risk Professionals (全球風險管理專業人士協會).

### Independent non-executive Directors

**Mr. Lam Siu Wing (林兆榮) (“Mr. Lam”)**, aged 65, was appointed as our independent non-executive Director on 23 May 2024, primarily responsible for providing independent advice to our Board.

Mr. Lam has over 30 years’ experience in financial accounting, auditing and business consulting. From December 1985 to September 1986, he served as an audit assistant at PricewaterhouseCoopers Hong Kong, where he was primarily responsible for audit of companies in Hong Kong. From March 1987 to July 1987, he served as an auditor at the New South Wales Auditor-General’s Office, where he was primarily responsible for auditing work in New South Wales. From August 1987 to August 1991, he served consecutively as an audit senior and an audit supervisor at Horwath & Horwath, an accounting firm in Sydney, where he was primarily responsible for auditing work in Australia and gained extensive experience in terms of audit techniques. From September 1991 to February 1992, he served as an assistant manager at KPMG Peat Marwick Hong Kong, where he was primarily responsible for auditing work. In March 1992, he rejoined PricewaterhouseCoopers Hong Kong, where he was primarily responsible for auditing work in Hong Kong. In 1996, he was relocated to PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) in Shanghai (普華永道中天會計師事務所(特殊普通合夥)) (previously known as PricewaterhouseCoopers Zhong Tian CPAs Limited Company (普華永道中天會計師事務所)), where he was admitted as an audit partner in July 2004 and was primarily responsible for providing accounting and auditing services to companies. Since June 2022, he has been serving as an independent non-executive director of Greatpower Nickel and Cobalt Materials Co., Ltd. (上海格派鎳鈷材料股份有限公司), a company principally engaged in production of nickel and cobalt and supply of new energy battery materials, where he was responsible for providing independent advise to the board. In May 2023, he was appointed as an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), a pharmaceutical company, which is listed on the Stock Exchange (stock code: 1349) and the Shanghai Stock Exchange (stock code: 688505). In July 2023, he was appointed as an independent non-executive director of Suzhou Basecare Medical Corporation Limited (蘇州貝康醫療股份有限公司), a company principally engaged in provision of genetic testing solutions for assisted reproduction, which is listed on the Stock Exchange (stock code: 2170). In October 2023, he was appointed as a joint company secretary of Xinjiang Xinxin Mining Industry Co., Ltd. (Stock Code: 3833), a manufacture company of electrolytic nickel. In September 2024, he was appointed as an independent non-executive director of Blue Star Andy Su Co., Ltd. (藍星安迪蘇股份有限公司), a



## DIRECTORS AND SENIOR MANAGEMENT

manufacturer of animal additives, which is listed on the Shanghai Stock Exchange (stock code: 600299). In June 2025, he was appointed as an independent non-executive director of Qeeka Home (Cayman) Inc. (Stock Code: 1739); in June 2025, he served as an independent non-executive director of Shanghai Biren Technology Co., Ltd. (Stock Code: 6082), a company primarily engaged in software and information technology services.

Mr. Lam obtained his bachelor's degree in economics from Macquarie University in Australia in May 1985. He obtained his master's degree in commerce from the University of New South Wales in Australia in October 1989. Mr. Lam was admitted as a member and was advanced to a fellow member of the Chartered Accountants Australia and New Zealand (previously known as the Institute of Chartered Accountants in Australia) in April 1990 and September 2011, respectively. He was also admitted as an associate member and was advanced to a fellow member of the Hong Kong Institute of Certified Public Accountants in April 1992 and September 2013, respectively. In April 2023, he obtained the certificate of completion for the independent director pre-appointment training from the Shanghai Stock Exchange.

**Dr. Jiang Li (姜力) ("Dr. Jiang")**, aged 51, was appointed as our independent non-executive Director on 23 May 2024, primarily responsible for providing independent advice to our Board.

Dr. Jiang joined The Hong Kong Polytechnic University ("**PolyU**") in November 2006 and successively served various positions at the Department of Logistics and Maritime Studies of PolyU (the "**Department**"). From November 2006 to June 2012, he served as an Assistant Professor at PolyU, where he was primarily responsible for supervising and teaching students, conducting scholarly research and participating in administrative services of the Department. From July 2012 to June 2017, he served as an Associate Professor at PolyU, where he was primarily responsible for teaching and student supervision, conducting academic research and leading in research projects. Since July 2017, he has been serving as a Full Professor at PolyU, where he has been primarily responsible for teaching, student supervision, conducting academic research and engaging in services in various capacities for the department, faculty and university.

Dr. Jiang obtained his bachelor's degree in electric power system and automation and his master's degree in management engineering from Shanghai Jiao Tong University (上海交通大學) in the PRC in July 1996 and May 1999, respectively. He obtained his Ph.D. degree in operations and management science from the University of Michigan, Ann Arbor, in the U.S. in December 2006. Dr. Jiang has received various awards in recognition of his academic achievement and contributions. In November 2009 and October 2016, he received the Faculty Award for Outstanding Performances in Scholarly Activities (學術傑出貢獻獎) by PolyU. In September 2012, he received the FB Fellow Award by the Faculty of Business of Poly U. In August 2017 he received the Certificate of Outstanding Scholarly Contributions by the European Association of Operations Research. In October 2017 and October 2022, he received the PBS Fellow Award by the Business School of PolyU. In March 2020, he was appointed as a Chair Professor under the Furong Scholars Award Program (芙蓉學者獎勵計劃) by the Department of Education of Hunan Province (湖南省教育廳). In April 2021, he was awarded Chang Jiang Chair Professor under the Chang Jiang Scholars Program administered by the Ministry of Education of the PRC.

**Mr. Cao Yang (曹陽) ("Mr. Cao")**, aged 70, was appointed as our independent non-executive Director on 23 May 2024, primarily responsible for providing independent advice to our Board.

From June 2005 to April 2024, he successively served various positions at Shenzhen Property Management Association (深圳市物業管理行業協會) including vice chairman and secretary general (常務副會長兼秘書長), the president and the legal representative of the association, where he was primarily responsible for its overall management. Since October 2015, he has been serving as the general manager (dean) and an executive director of Shenzhen Zhongshen Southern Property Management Research Institute Co., Ltd. (深圳中深南方物業管理研究院有限公司), a company principally engaged in property management industry research, where he was primarily responsible for its daily operation and overall management.

From January 2018 to July 2021, Mr. Cao served as an independent director at EIT Environmental Development Group Co., Ltd. (玉禾田環境發展集團股份有限公司), a company primarily engaged in the operations of municipal sanitation, comprehensive property management, domestic waste disposal and the greening and maintenance of garden and listed on the Shenzhen Stock Exchange (stock code: 300815). Since April 2019, Mr. Cao has been serving as an independent director at Shenzhen SDG Service Co., Ltd. (深圳市特發服務股份有限公司), a company primarily engaged in providing property management services and listed on Shenzhen Stock Exchange (stock code: 300917).



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Mr. Cao obtained his diploma in nursing from Xi'an Jiaotong University Health Science Center (西安交通大學醫學部) (previously known as the Affiliated School of Nursing in Xi'an Medical School (西安醫學院附設護士學校)) in the PRC in September 1984. He obtained a diploma in specialist education for party and government cadres organized by Chinese Communist Party Shaanxi Provincial Party School (中共陝西省委黨校) in the PRC in December 1987. In April 2018, he obtained the independent director qualification certificate (獨立董事資格證書) from the Shenzhen Stock Exchange.

### SENIOR MANAGEMENT

**Mr. Wang Gang (王剛) ("Mr. Wang")**, aged 57, was appointed as our deputy general manager on 20 April 2009, primarily responsible for the operation and management of the Group's residential property projects in the region and management of the subsidiary, Shaanxi Rixing.

Mr. Wang joined our Group in August 2004. From September 2004 to August 2006, he served consecutively as a deputy general manager at the first branch of our Company and the general manager at the second branch of our Company, where he was primarily responsible for property management related work. From August 2006 to June 2007, he served as the manager of technical department and the director of community management department of our Company, where he was primarily responsible for department management and daily operations and management of projects. From June 2007 to April 2009, he served as an assistant to the general manager of our Company, where he was primarily responsible for assisting the general manager with our operation and management.

Prior to joining our Group, in December 1987, Mr. Wang joined Aviation Industry Department Yanguang Electric Appliance Factory (航空工業部延光電機電器廠). From December 1998 to July 2004, Mr. Wang served various positions including maintenance director of the equipment management department and project manager at Xi'an Hi-Tech Industrial Co., Ltd. Real Estate Branch (西安高科實業股份有限公司房地產分公司), a company principally engaged in real estate industry, where he was primarily responsible for repair, maintenance and inspection of equipment and project management.

Mr. Wang obtained his diploma in radio technology from Xidian University (西安電子科技大學) in the PRC in July 1994. He obtained his bachelor's degree in business management from the Open University of China (國家開放大學) (previously known as China Central Radio and TV University (中央廣播電視大學)) in the PRC in December 2004. Mr. Wang was certified as a certified project manager (註冊國際項目經理) by the Certification Body IPMA China Certification of the PMRC (國際項目管理專業資質認證中國認證委員會) in May 2012. He also obtained a certified property manager certificate from the MOHURD in November 2013.

**Mr. Liu Wei (劉煒) ("Mr. Liu")**, aged 47, was appointed as our deputy general manager on 14 April 2009, primarily responsible for operation and management of certain city service projects of the Group, as well as the management of the audit and legal affairs department.

Mr. Liu joined our Group in June 2004 and served as a director of property management office of Wenjingyuan project from March 2005 to August 2006. From August 2006 to April 2009, he served as a director of property management office of Baihualinju project, where he was primarily responsible for the daily operations and management of Baihualinju property. From April 2009 to June 2013, he served as the manager of Baihualinju property service center, where he was responsible for its project management and operation.

Prior to joining our Group, from June 2002 to October 2003, Mr. Liu served as a supervising engineer at Xi'an Xinghuo Real Estate Group (西安星火房地產集團), a property developer, where he was primarily responsible for supervising the process and quality of the projects. From October 2003 to June 2004, Mr. Liu served as a customer service director of property department at Xi'an Hi-Tech Real Estate Co., Ltd (西安高科房產股份有限公司), a property developer, where he was responsible for customer service.

Mr. Liu obtained his bachelor's degree in architecture from Xi'an University of Architecture and Technology (西安建築科技大學) in the PRC in June 2002. In April 2012, he was certified as the certified property manager (物業管理師) by the MOHURD. In August 2012, he was certified as a certified project manager (註冊國際項目經理) by Xi'an Huading Project Management Consulting Co., Ltd. (西安華鼎項目管理諮詢有限責任公司).



## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Ren Baobin (任寶斌) (“Mr. Ren”)**, aged 51, was appointed as our deputy general manager on 26 June 2015, primarily responsible for operation and management of certain city services property management projects of the Group and the management of the procurement and supply department.

Prior to joining our Group, Mr. Ren served as a section chief of the production section at the Heat Power Center of Xi’an Economic and Technological Development Zone (西安經濟技術開發區熱力中心), a heat service provider, where he was primarily responsible for the daily operation and management of the production section. In December 2005, he was appointed as the director of the production department of Xi’an Kingfar New Energy Co., Ltd. (西安經發新能源有限責任公司) (“**Kingfar New Energy**”), an urban heating service provider, where he was primarily responsible for its overall production, operation and department management. From December 2005 to October 2011, he served concurrently as an assistant to the general manager and the director of the production department of Kingfar New Energy, where he was primarily responsible for its overall production, operation, safety management and technical management. From October 2011 to June 2015, he served as a deputy general manager of Kingfar New Energy, where he was in charge of the production department and the security technology management office. From December 2018 to August 2022, he served as a supervisor at Xi’an Municipal Government Construction Co., Ltd. (西安經發市政建設有限公司) (previously known as Xi’an Kingfar Infrastructure Construction Engineering Co., Ltd (西安經發基礎設施建設工程有限公司)), a company principally engaged in infrastructure project investment and contracting, where he was primarily responsible for supervising its board and senior management.

Mr. Ren graduated from Xi’an University of Architecture and Technology (西安建築科技大學) in the PRC with major in heating, ventilation and air-conditioning engineering in July 1997.

**Mr. Yang Weifeng (楊偉鋒) (“Mr. Yang”)**, aged 44, was appointed as our deputy general manager on 5 July 2019, primarily responsible for operation and management of property management projects for office buildings and hospitals of our Group.

Mr. Yang joined our Group in April 2005. From September 2005 to June 2007, he served as a director of the maintenance crew of our Company, where he was primarily responsible for the inspection and maintenance of equipment. From June 2007 to May 2009, he served as a deputy manager of the technical department of our Company, where he was primarily responsible for the automation of equipment, supervision of equipment inspection and maintenance and evaluation and approval of outsourced public construction projects. From May 2009 to June 2010, he served as a manager of the property management department of Kingfar Building, where he was primary responsible for daily operations and management of project. From June 2010 to August 2011, he served as the manager of engineering department of our administrative property branch, where he was responsible for facilities and equipment maintenance and management. From August 2011 to September 2012, he served as an assistant to the general manager of our administrative property branch, where he was responsible for assisting the general manager with the daily operation and management. From September 2012 to July 2019, he served as an assistant of the general manager at our Company, where he was primarily responsible for operations and management of commercial property management projects.

Mr. Yang obtained a diploma from Shaanxi Electronic Information School (陝西省電子信息學校) (previously known as Shaanxi Second Industrial School (陝西省第二工業學校)) in the PRC in July 2001. He obtained a bachelor’s degree in property management from Shaanxi University of Science and Technology (陝西科技大學) in the PRC in June 2017.

Mr. Yang resigned as a deputy general manager of the Company since July 2025 due to work relocation.

**Mr. Wang Lipeng (王力鵬)**, aged 52, was appointed as our deputy general manager on 28 December 2020, primarily responsible for management of quality system of our Group.

Mr. Wang joined our Group in June 2010. From June 2010 to August 2011, he served consecutively as the head of customer service department for No. 7 Building of our administrative property branch and the manager of No. 7 Building service center, where he was responsible for customer service. From August 2011 to January 2013, he served as an assistant to the general manager of our administrative property branch, where he was responsible for the establishment of customer service system and management plans for municipal projects. Since January 2013, he has been serving as a quality director at our Company, where he has been responsible for the establishment and maintenance of our quality system, project planning, establishment of standardized system for property management projects and performance appraisal system.



## DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, from October 2000 to June 2010, Mr. Wang held various positions including senior director of property service center at Xi'an Hi-Tech Fengye Property Management Co., Ltd. (西安高新楓葉物業管理有限責任公司), a property management company, where he was primarily responsible for the overall management and coordination of property management projects.

Mr. Wang obtained his diploma in property management from Jinan University (暨南大學) in the PRC in December 2004. In May 2004, he obtained the certificate of completion for national property management enterprise manager training from the Department of Personnel and Education and the Department of Housing and Real Estate Industry, Ministry of Construction. In July 2007, he was certified as an ISO9001:2000 and ISO14001:2004 internal auditor by Beijing Daluhangxing Quality Certification Center Co., Ltd. (北京大陸航星質量認證中心). In February 2009, he completed the Internal EHMS (ISO14001:2004/OHSAS18001:2007) Auditor Course (環境及職業健康安全管理体系内部審核員培訓課程) and obtained course completion certificate issued by Shenzhen Nuoheng Management Consultancy (深圳市諾恒管理策劃有限公司). In August 2012, he was certified as a certified project manager (國際項目經理) by Xi'an Huading Project Management Consulting Co., Ltd. (西安華鼎項目管理諮詢有限責任公司). He was certified as a certified property manager (註冊物業管理師) by the MOHURD in November 2013. In March 2014, he obtained the certificate of completion for Xi'an enterprise senior management quality development strategy seminar (西安企業高級管理人員質量發展戰略研修班) from Wuhan University (武漢大學).

**Mr. Xu Fei (徐飛) ("Mr. Xu")**, aged 42, was appointed as our financial director on 6 March 2023, primarily responsible for the overall financial management of our Group as well as the management of the operating management department.

Prior to joining our Group, from September 2008 to July 2017, Mr. Xu served as a manager of the audit department of PricewaterhouseCoopers Zhong Tian LLP, where he was primarily responsible for audit-related work. From July 2017 to July 2020, he served as the general manager of finance department of Shaanxi Chang'an Air Travel Co., Ltd. (陝西長安航空旅遊有限公司), a company with investment in the aviation industry, where he was primarily responsible for its overall financial management. From July 2020 to March 2023, he served as a manager of finance department and an assistant to financial director at Ccoop Group Co., Ltd. (供銷大集集團股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000564) and principally engaged in commercial service and e-commerce, where he was primarily responsible for financial management and daily operations of the finance department.

Mr. Xu obtained a bachelor's degree in accounting and finance from Monash University in Australia in October 2007. He was certified as a CPA by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in July 2013 and became a non-practising member of the Chinese Institute of Certified Public Accountants in September 2021. In addition, in December 2025, Mr. Xu was awarded the title of "2025 China Property Management Excellence Manager" ("2025中國物業卓越經理人") by CPM Think Tank (中物智庫).

**Ms. Zhu Ke (朱可) ("Ms. Zhu")**, aged 44, was appointed as our deputy general manager and office director on 28 December 2020. She is currently serving as our deputy general manager, administrative director and office director and is primarily responsible for management of certain city service property projects of the Group and the management of office.

Ms. Zhu joined our Group in August 2010. From February 2012 to February 2017, Ms. Zhu successively served as an assistant to manger, a deputy manager and a manger of customer service department of our administrative property branch, where she was primarily responsible for customer service, daily operation and management and coordinating government affairs and customer maintenance. From February 2017 to December 2020, she served as the office director of our Company, where she was responsible for administrative affairs, brand promotion and office management. From December 2020 to January 2023, she served as the deputy general manager and office director of our Company, where she was responsible for the administrative affairs and office management. Since January 2023, she has been serving concurrently as the deputy general manager, administrative director and office director of our Company, where she has been responsible for the overall administrative affairs and office management. Prior to joining our Group, Ms. Zhu worked in media and publishing industry and served subsequently as a trainee reporter at Xi'an Newspapering Media Group (西安報業傳媒集團), a news and media company, and a chief editor of New Windows magazine at Xi'an Jinye Industrial Corporation (西安市金葉實業總公司), a media and publishing company, where she was primarily responsible for planning topics and reviewing article.

Ms. Zhu obtained a diploma in journalism and communication from Women's School, Xi'an Peihua University (西安培華學院女子學院) in the PRC in July 2002 and a master's degree in business administration Shaanxi Master of Business Administration Institute (陝西工商管理碩士學院) in the PRC in July 2023. She was certified as a certified property manager (物業管理師) by the MOHURD in April 2014.



## DIRECTORS AND SENIOR MANAGEMENT

**Mr. Li Xiuyuan (李修遠)**, aged 38, was appointed as the secretary of our Board on 28 December 2020 and the joint company secretary of our Company on 25 June 2023. He is primarily responsible for corporate governance and company secretarial matters of our Group as well as the management of certain city service property projects.

Upon joining our Group in July 2013, Mr. Li served successively as a customer service representative and a customer service manager at Baihualinju property service center of our Company until January 2014, during which he was primarily responsible for customer services. From January 2014 to March 2016, he served as a quality specialist at the quality management department of our Company, where he was primarily responsible for quality control and management. From March 2016 to December 2020, he served successively as an assistant to the manager of the quality management department and the manager of the quality management department of our Company, where he was primarily responsible for quality management, management of standardized systems for projects, project planning and evaluation, market development and bidding management. From December 2020 to December 2022, he served as the manager of enterprise strategic brand research department of our Company, where he was primarily responsible for strategic management, mergers and acquisitions and brand research.

Mr. Li obtained a bachelor's degree in management from Xi'an Jiao Tong University City College (西安交通大學城市學院) in the PRC in July 2010. He obtained a master's degree in Marxism theory from Xi'an University of Science and Technology (西安科技大學) in the PRC in June 2013. In May 2018, Mr. Li was conferred "The Nomination Award for the 7th Xi'an May 4th Youth Medal" ("第七屆西安青年五四獎章提名獎") by the Xi'an Municipal Committee of the Communist Youth League (共青團西安委員會). In June 2019, he was recognized as a "National Housing And Urban-Rural Construction Industry Technical Talent" ("全國住房和城鄉建設行業技術能手") by the MOHURD.

### JOINT COMPANY SECRETARIES

**Mr. Li Xiuyuan (李修遠)**, aged 38, was appointed as our joint company secretary on 25 June 2023. For details of his biography, see "Senior Management" in this section.

**Ms. Leung Shui Bing (梁瑞冰) ("Ms. Leung")**, was appointed as our joint company secretary on 26 August 2024. Ms. Leung currently serves as a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider) and is responsible for provision of corporate secretarial and compliance services to listed company clients. She has over 20 years of experience in the company secretarial field. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

### CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Since the publication of the 2025 interim report of the Company, save as disclosed herein, there has been no change in information required to be disclosed by the Directors, Supervisors and chief executive of the Company pursuant to Rule 13.51B(1) of the Listing Rules.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INFORMATION ABOUT THE REPORT

### Report Profile

This is the Environmental, Social and Governance (“**ESG**”) Report (“**this Report**”) published by Xi’an Kingfar Property Services Co., Ltd. (“**Kingfar Property**” or the “**Company**”). This Report reflects Kingfar Property’s active fulfillment of its economic, social and environmental responsibilities to achieve sustainable and high-quality development, and addresses the important issues of concern to stakeholders. This Report has been reviewed by the board of directors of the Company, which is responsible for the authenticity and validity of the information contained.

### Reporting Period

The time limit for the contents of this Report is from 1 January 2025 to 31 December 2025 (the “**Reporting Period**” or the “**Year**”).

### Reporting Scope

The scope of this Report covers Kingfar Property and its subsidiaries (the “**Group**”, “**we**”, “**us**” or “**our**”).

### Basis of Report Preparation

The Report is prepared in accordance with the requirements of Appendix C2 Environmental, Social and Governance Reporting Code (the “**ESG Reporting Code**”) in the Listing Rules and Guidance on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and complies with the “comply or explain” provision.

### Reporting Principle

This Report strictly complies with the four reporting principles of Materiality, Quantification, Balance and Consistency, and strives to fully reflect the effectiveness of the Company’s ESG management.

#### Materiality

Kingfar Property employs a third-party institution to analyze and evaluate the prevailing key ESG issues in combination with the Company’s characteristics, industry analysis and experts’ assessment, and submit the results to the board of directors for review, so as to finally determine the materiality ranking of ESG issues of the Year, and take this as an important basis for the preparation of ESG reports and basic materials for management improvement.

#### Quantification

The Company’s data quantification is completed by the working group under the guidance of ESG Committee, and standard data collection tools and review mechanisms have been established and are being improved year by year. Where applicable, the annual data disclosed in this Report can be compared with the data of previous years, so that stakeholders can better understand the ESG status of the Company.

#### Balance

This Report presents the ESG performance of the Company fairly and objectively, and discusses the improvement and promotion of key issues in addition to disclosing the results.

#### Consistency

The quantitative information in this Report is consistent with the measurement and collection methods of previous reports, so that the data used by all parties to analyze or evaluate the Company’s performance in different periods have comparability. If the collection scope of data changes or the measurement method is updated, Kingfar Property will make corresponding annotations for the reference of report users.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Data Sources

All information in this Report come from the Company's official documents, statistical or public information, and has been reviewed by the Company's internal supervisory mechanism. The board of directors of the Company is responsible for the authenticity, accuracy and completeness of the contents of this report.

## Access to the Report

This Report is available for review and download from the HKEx website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.xajfwy.com](http://www.xajfwy.com)).

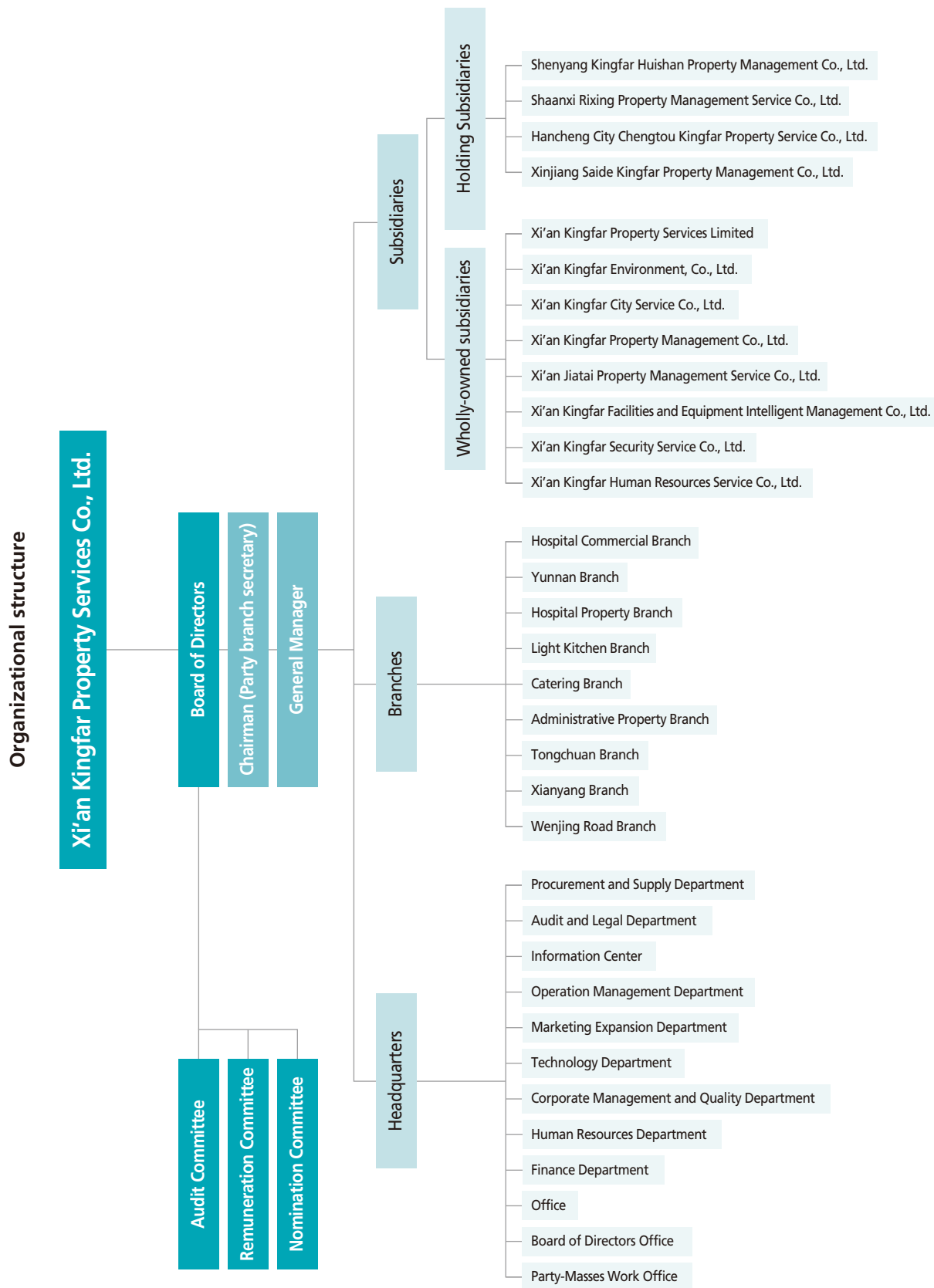
## ABOUT US

### Company Profile

Xi'an Kingfar Property Services Co., Ltd. was officially established in 2000 as a state-owned comprehensive urban service and property management service provider under Xi'an Economic and Technological Development Zone Kingfar Holdings (Group). It is a national first-class property management enterprise, a standing director unit of the China Property Management Association, a founding member of the China Property Management (High-end Residential) Enterprise Alliance under Urban Development, a vice president unit of the Shaanxi Property Management Association, the president unit of the Xi'an Property Management Association, a standing director of the Xianyang Property Management Association, and a standing director unit of the Xi'an Quality Association. On 3 July 2024, Kingfar Property was listed on the Main Board of the Hong Kong Stock Exchange under the stock name "Kingfar Property" and stock code "1354.HK", marking a significant step forward in its market-oriented development and the beginning of a new era of growth. Since its establishment from 2004, the Company has always upheld its corporate mission of "making unremitting efforts for your quality life" and adhered to the business philosophy of "adopting scientific and standardized management, capitalizing on talents to achieve enterprise success, building its brand upon services, and seeking development through innovation". Guided by its strategic policy of "deepening the development of high-end residential properties and developing administrative offices" and its development vision of "becoming an outstanding property service company in China", the Company has won numerous accolades. It has been awarded the titles of "Shaanxi Province Service Brand" and "Xi'an City Service Brand", and since 2017 has consecutively topped the Xi'an Property Enterprise Credible Information Ranking for nine years. At the same time, it has received honors such as "Top 100 Property Service Enterprises in China", "Leading Enterprise in Customer Satisfaction among China's Top 100 Property Service Enterprises", "Leading Brand in Professionalized Operation of China's Property Service Enterprises", "Outstanding Property Brand in China's Urban Services", "Top 50 State-owned Property Enterprises in China", "Top 20 Property Service Enterprises in Northwest China", "Top 10 Residential Property Service Enterprises in Xi'an", and "Top 10 Public Building Property Service Enterprises in Xi'an".

At present, Kingfar Property's management portfolio covers a diversified range of sectors, including residential communities, administrative offices, hospitals, catering facilities, office buildings, educational institutions at all levels, industrial parks, and major transportation hubs. The Company has established its presence across 11 administrative districts of Xi'an as well as in Tongchuan, Baoji, Xinjiang, Hancheng, and Shenyang, managing more than two hundred projects in total. It has cumulatively provided quality services to more than 200,000 property owners and offered full-process consultancy services to various premium properties.

Kingfar Property adheres to high-quality development as its fundamental requirement, guided by the brand philosophy of "making life better". With resources, community planning, and product services aligned with leading domestic standards, the Company actively contributes to the construction of safe, happy, civilized, and beautiful communities. It positions itself as the guardian of residents' quality of life, the defender of property value preservation and appreciation, and the promoter of the property service industry's advancement. The Company continues to explore the potential of value-added services across different business formats, innovating service models and products to more precisely match consumer demand. By building Kingfar services that span the entire life cycle of property owners and clients, the Company strives to create better living experiences for more families and cities, and remains committed to becoming a life service provider that safeguards quality services and creates ideal lifestyles.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Awards	
Names of Awards	Issued by
2025 China Top 100 Property Service Enterprises	China Index Academy
2025 China Top 100 Property Service Satisfaction Leaders	China Index Academy
2025 Top 10 Growth Potential Listed Property Service Companies	China Index Academy
2025 Outstanding Investment Value Listed Property Service Enterprises	China Index Academy
2025 Leading Brand in Professionalized Operation of Property Services	China Index Academy
2025 Leading Brand in Standardized Operation of Property Services	China Index Academy
2025 Featured Brand in Property Services – Smart Property Operation	China Index Academy
2025 China Top 100 Property Service Strength Enterprises	CRIC Property Management, China Property Research Association
2025 China Top 100 Property Service Brand Value Enterprises	CRIC Property Management, China Property Research Association
2025 Top 20 Northwest Property Service Brand Enterprises	CRIC Property Management, China Property Research Association



Corporate Honors Received by Kingfar Property in 2025 (Excerpt)



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Corporate Awards

Names of Awards	Issued by
2025 China Top 30 Residential Property Service Strength Enterprises	CRIC Property Management, China Property Research Association
2025 China Leading Property Service Quality Enterprises	CRIC Property Management, China Property Research Association
2025 China Property Service Enterprises with Excellent Service Systems	CRIC Property Management, China Property Research Association
2025 China Top 30 Office Property Service Strength Enterprises	CRIC Property Management, China Property Research Association
Contribution to Development Award	Kingfar Group
Council Member of the 6th Session of China Property Management Association	China Property Management Association
2025 Northwest Catering Excellence Brand	China Catering • Xi'an Summit
2025 Top 100 Group Catering Service Enterprises	China Food Culture Research Association
2025 China Top 100 Comprehensive Strength Property Service Enterprises	China Property Think Tank
2025 China Top 100 State-owned Property Enterprises	China Property Think Tank
2025 Top 20 Northwest Property Service Enterprises	China Property Think Tank
2025 Leading Enterprise in China Urban Operation Services	China Property Think Tank
2025 Leading Enterprise in China FM Facility Management	China Property Think Tank
2025 Top 10 Xi'an Public Building Property Service Enterprises	China Property Think Tank
2025 Outstanding Industrial Park Property Brand Enterprise by Shaanxi Property Management Association	Shaanxi Property Management Association

## Enterprise Project Honors

Names of Awards	Project Name	Project Category	Issued by
2025 Xi'an Quality Property Management – Excellent Community	Birch Forest Creek	Residential Project	China Index Academy
2025 Shaanxi Province Quality Property Management – Excellent Building	Birch Forest Financial Innovation Center	Commercial Office Building Project	China Index Academy

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Enterprise Staff Honors			
Names of Awards	Awardee	Position	Issued by
2024 Northwest Regional Leading Figure of State-owned Property Enterprises	Wu Suozheng	Chairman	CRIC Property Management, China Property Research Association
Outstanding Manager	Wu Suozheng	Chairman	Kingfar Group
2025 China Outstanding Property Entrepreneur	Wu Suozheng	Chairman	China Property Think Tank
Outstanding Manager	Sun Qi	General Manager	Kingfar Group
2025 China Outstanding Property Manager	Sun Qi	General Manager	China Property Think Tank
2025 China Leading Property Finance Expert	Xu Fei	Chief Financial Officer	China Property Think Tank
2025 China Outstanding Regional General Manager	Huang Boqiang	General Manager of Hancheng City Investment Kingfar Property	China Property Think Tank
2025 China Outstanding Regional General Manager	Tan Xiaolong	General Manager of Xinjiang Saide Kingfar Property	China Property Think Tank
Advanced Individual in Work Safety	Cao Mengqi	Deputy Manager of Corporate Management Department	Kingfar Group
Advanced Individual in Work Safety	Guo Lei	Project Manager of High-speed Rail New City North Station	Kingfar Group
2025 Outstanding Property Project Managers by Shaanxi Property Management Association	Chang Yongpeng	General Manager of Hospital Branch	Shaanxi Property Management Association
	Niu Anna	Project Manager of Provincial Government Project	
	He Xiyuan	Project Manager of Birch Forest Jian Project	
	Ju Bo	Project Manager of Birch Forest Impression Project	
	Dong Xiaoguang	Project Manager of Nature River Mountain Project	
2025 China Most Beautiful Property Service Provider	Wang Lingyun	Staff	China Property Think Tank

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Enterprise Staff Honors			
Names of Awards	Awardee	Position	Issued by
2025 China Touching Property Figure	Li Yuan	Staff	China Property Think Tank
Outstanding Worker	Liu Tangyan, Yan Gangfeng, Li Qiaoying, Zheng Zhengqiang, Wang Lipeng, Li Xiuyuan, Zhu Ke	Staff	Kingfar Group

## SUSTAINABILITY MANAGEMENT

### Board Statement

The Board believes that promoting sustainable development is as important as achieving long-term business growth. We will continue to be committed to maintaining a high degree of sustainable development in our business operations, promoting sustainable development plans in the areas of good corporate governance, environmental protection, labor rights, community development, etc., and remains in active communication and good relationships with various stakeholders such as customers, investors, governments, and suppliers.

### Corporate Governance

The Board believes that establishing and implementing good ESG principles and practices will help enhance the value of our investments and provide long-term returns to our stakeholders. To ensure the effectiveness of ESG measures, the Board will be responsible for overseeing the Company's ESG governance, promoting sustainable development plans in relation to corporate governance, environmental protection, labor rights and community development, while communicating and maintaining good relations with stakeholders. As the decision-making body, the Company's Board of directors has the main responsibilities of formulating our overall ESG vision, direction and strategy, establishing clear ESG and climate-related risk management procedures, and reviewing our ESG performance to ensure it is consistent with our plans. The Company will also establish an ESG Committee as a committee under the Board, which will be responsible for spot-checking ESG-related indicators, identifying and assessing potential ESG-related risks, and preparing ESG reports for review by the Board.

Members of the Board and the ESG Committee have extensive experience in (i) the city services and property management services industries in Shaanxi, the Company's principal place of business, and (ii) corporate governance, enabling them to contribute to material ESG issues such as waste reduction, workplace health and safety, as well as corporate integrity, transparency and compliance. In the future, the Company will gradually optimize the board structure and set a ratio of female participants for directors who will join the ESG Committee to protect women's rights and diversify board decisions. In the meantime, members of the ESG Committee will be selected from different business departments of the company. The joint efforts of the board of directors and the ESG Committee are crucial to establishing a sound and effective ESG management system.

In accordance with the definition and identification of material issues, questionnaire surveys and assessment and selection of material issues, we conduct stakeholder surveys and expert opinion consultations, integrate the opinions of stakeholders and develop a material issue matrix pursuant to the ESG Reporting Code issued by the Stock Exchange, the Sustainability Reporting Standards issued by the Global Reporting Initiative and the United Nations Sustainable Development Goals (SDGs) and in line with our actual development, thereby identifying issues that are more important to the Company's ESG development, and rank the issues according to the material issue matrix to ascertain the order of material issues.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## The Company's Core Business

## Corresponding SDGs

### Social Responsibility

Kingfar Property actively assumes social responsibilities, attaches importance to the career development of employees, and actively solves employment problems to achieve gender equality in the workplace.



### Environmental Responsibility

Actively identify opportunities and impacts brought about by climate change, analyze climate-related scenarios, assess climate resilience and proactively respond.



### Supply Chain Responsibility

Optimize supplier selection and upgrade the whole process management, assume the promotion of green procurement and transparent procurement as our responsibility, and build a healthy and sustainable supply chain.



The Company will primarily identify and prioritize material ESG issues through the following means: (i) conducting surveys among stakeholders; (ii) consulting external experts; (iii) integrating the opinions of the Company's stakeholders and experts to compile a material ESG issues matrix; (iv) conducting research on material ESG issues; and (v) aligning material ESG issues with the Company's development and business plans and classifying issues by relevance and importance. The Company plans to assess, manage and reduce ESG-related risks with reference to the ESG Reporting Code published by the Stock Exchange and the Sustainability Reporting Standards published by the Global Reporting Initiative.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Stakeholder Communication

Sustainable development is inseparable from the opinions of stakeholders. Kingfar Property maintains close contact with stakeholders such as shareholders and investors, customers and property owners, government departments and regulators, partners, and employees. It is committed to building a multi-level and multi-channel communication mechanism, listening to the suggestions of various stakeholders, incorporating relevant issues into the Company's development, actively responding to the demands and expectations of stakeholders, and enhancing the Company's sustainable development capabilities. The following table presents the key issues of concern to stakeholders and the main communication methods:

### *Communication channels with and issues of concern to key stakeholders*

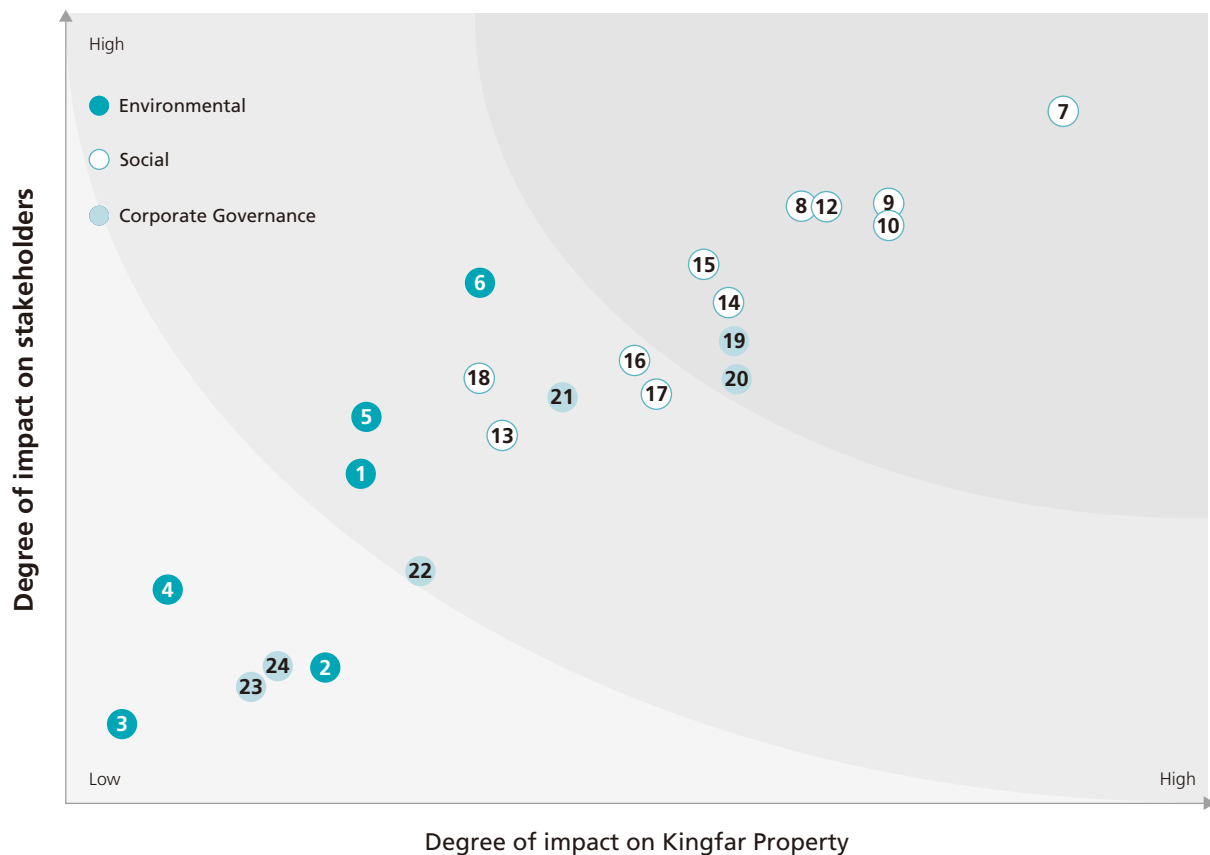
Key Stakeholders	Communication Channels	Issues of Concern
Government and Regulatory Agencies	Policy implementation and reporting Information disclosure Routine inspections by government departments	Compliant operations Participation in public governance Emissions management
Shareholders and Investors	General meeting Investor hotline Company announcement Results conference Roadshow and reverse roadshow	Operational performance Improvement of information transparency Risk control Sustainable profitability
Clients/Property Owners	Customer satisfaction survey Customer service hotline Community cultural activity	Service quality Customer privacy protection
Employees	Democratic life meeting Employee representatives' meeting Employee activity Complaints and feedback	Employee rights and benefits Employee development and promotion Occupational health and safety
Suppliers/Partners	Tendering and procurement communication Supplier management system	Supply chain management Anti-corruption
Media and Non-Government Organization	Social media Official website Press conference Exchange meeting	Protection of ecological environment Support to charity activities Development of community welfare
Community	Forum Charity activity Community activity	Community building Community culture Emissions
Industry Association	Exchange meeting Social media Information disclosure	Employment Anti-corruption Emissions

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Determination of Material Issues

In accordance with the definition and identification of material issues, questionnaire surveys and assessment and selection of material issues, the Company identified 24 ESG issues of concern to the Company and stakeholders pursuant to the ESG Reporting Code issued by the Stock Exchange and the Sustainability Reporting Standards issued by the Global Reporting Initiative and in line with the actual development of Kingfar Property. By carrying out stakeholder surveys and expert opinion consultation, the materiality of material issues has been ranked alongside two dimensions, namely the materiality of the ESG impact of Kingfar Property and the materiality of the impact on stakeholders' assessment and decision-making. During the Year, Kingfar Property identified 9 topics of high materiality, 10 topics of medium materiality, and 5 topics of low materiality. Based on the identification results, we will prioritize disclosure of those topics that are of high concern to stakeholders.

Matrix of material issues



The Company has identified industry-related ESG issues in light of relevant guidelines on sustainable development information disclosure, and analyzed the materiality assessment results of various stakeholders on ESG issues to form the following materiality assessment matrix. Based on the evaluation results and the Stock Exchange's ESG guidelines, the Company's key focus areas are concentrated on employee benefits and compensation, employee health and safety, labor management, standards of supply chain human resources, employee development and training, product and service quality, business compliance and standardization, as well as anti-corruption and anti-money laundering.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Order of material issues

Level of materiality	Issue no.	Name of issue	Scope
Issues of high materiality	7	Employee benefits and compensation	Social
	9	Employee's health and safety	Social
	10	Labor management	Social
	12	Standards of supply chain human resources	Social
	8	Employee Development and Training	Social
	15	Product and service quality	Social
	14	Property owner's health and safety	Social
	19	Business compliance and standardization	Corporate Governance
	20	Anti-corruption and anti-money laundering	Corporate Governance
Issues of moderate materiality	11	Supply chain management	Social
	16	Intellectual property protection	Social
	17	Information security	Social
	6	Hazardous gas and waste emissions	Environmental
	21	ESG regulation	Corporate Governance
	18	Charity and community service	Social
	13	Community relations	Social
	5	Pressure of water resource	Environmental
Issues of low materiality	1	Carbon emission	Environmental
	22	ESG risk management	Corporate Governance
	2	Carbon Footprint of product	Environmental
	4	Vulnerability to climate change	Environmental
	24	ESG information disclosure	Corporate Governance
	23	ESG issues-related communication	Corporate Governance
	3	The impact of the environment on finance	Environmental

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## PARTY BUILDING AS THE GUIDING FORCE, RED LEADERSHIP FIRST

As a local state-owned property enterprise under Kingfar Group, Kingfar Property has always adhered to the leadership of the Party, regarding Party building as the “red engine” driving corporate development. This ensures the Company maintains the correct political direction and transforms the organizational advantages of the Party into management strengths. By uniting Party members and employees through Party organizations, the Company is able to respond more efficiently to residents’ needs, resolve conflicts and disputes, and enhance service quality and community cohesion. Through the deep integration of Party building and business operations, the Company has not only strengthened its credibility but also provided solid support for the modernization of grassroots governance.

### Annual Party Building Footprints of Kingfar Property

#### Party Building Work Review and Evaluation Conference

On the morning of 20 January 2025, the Party General Branch of Kingfar Property convened the 2024 Party Branch Secretaries’ Party Building Work Review and Evaluation Conference. Ms. Song Sumei, Head of the Party-Mass Comprehensive Department of Kingfar Holdings (Group), attended the meeting. The conference was chaired by Mr. Wu Suozheng, Party General Branch Secretary and Chairman of the Company. A total of 41 participants attended, including members of the Party General Branch leadership team, members of the Company’s management team, Party branch secretaries, organizational committee members, Party affairs staff, and heads of Party building departments of subsidiaries.



#### Celebration of the “July 1st” Series of Activities

From June to July, the Party General Branch of Kingfar Property organized Party branches to collectively celebrate the “political birthday” of Party members. Through activities such as revisiting the Party admission oath and sharing experiences by Party member representatives, the initiative aimed to inspire Party members through real-life



examples, thereby strengthening their political, ideological, and practical consciousness in loving and safeguarding the Party. It guided Party members and cadres to make active contributions across different fronts and positions. In July, the Party General Branch organized a series of activities to celebrate the “July 1st” anniversary, including collective study sessions, viewing of warning education videos, and volunteer service activities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Research on “Red Property”



On 4 December, the Party General Branch of Kingfar Property organized Party branch secretaries and project leaders of Rixing Property to visit the China Overseas Qujiang Dacheng • Huachen Project for a thematic research activity on “Red Property” development. Through on-site observation, discussion and sharing, and interactive exchanges, participants

studied and learned from the practices of the Huachen Project in building “Red Property”.

## Thematic Party Day Activity: Visit to Xi’an National Edition Museum

To thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, strengthen cultural confidence, and carry forward the Chinese cultural lineage, on 28 November, the Party General Branch of Kingfar Property organized more than 140 Party member representatives to visit the Xi’an National Edition Museum. The thematic Party Day activity was titled “Viewing Rare Editions to Trace a Millennium of Cultural Heritage, Understanding the Original Aspiration and Mission to Strengthen Contemporary Responsibility”.



## Thematic Party Day Activity: “Watching Red Films • Understanding Original Aspiration and Mission”

To continuously deepen the study and education of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, consolidate the achievements of thematic education, and promote Party member education through the approach of “Red Carriers + Immersive Experience”, the Party General Branch of Kingfar Property launched a distinctive thematic Party Day activity on 11 December under the theme “Watching Red Films • Understanding Original Aspiration and Mission”. All Party members and probationary Party members of Kingfar Property gathered together to watch the anti-Japanese war film “De Xian Jin Zhi”, drawing strength from the stories of ordinary heroes to inspire progress.



## QUALITY SERVICE, CUSTOMER FIRST

### Improve Service Quality Through Standardized Services



Kingfar Property will continue to use standardized services as the main driving force for corporate development, consolidate the quality of basic services, continuously improve service quality, which will tacitly improve customer satisfaction and further enhance the impact and influence of our services.

Through accelerating its standardization construction, Kingfar Property has improved management efficiency, enhanced management norms, and consolidated corporate development. Kingfar Property abides by the "Urban Real Estate Management Law of the People's Republic of China", "Property Service Fee Management Measures", "Standardization Law of the People's

Republic of China" and other regulations, and has formulated the "Comprehensive System Management Manual", "Standardization Management Measures" and "Standardization Assessment Reward and Punishment Management Measures" to further strengthen its standardization construction.

In terms of standardization system certification, the Company has obtained certification requirements for quality, environment, and occupational health and safety management systems (ISO 9001, ISO 14001, ISO 45001), as well as the Hazard Analysis and Critical Control Point (HACCP) system certification (V1.0), thereby achieving standardized control of service processes.

In the construction of corporate service standard systems, the Company newly issued the "Regulations Management Measures". On the basis of the existing standard system, it added 28 management standards such as "Measures for the Management of Measuring Instruments" and "Measures for the Management of Specific Facilities in Public Property Buildings". These standards cover core business areas including measurement management, facility operation and maintenance, reception services, energy control, tax and financial compliance, engineering outsourcing, information security, procurement management, and investor relations, further improving the corporate service standard system.

In 2025, the Company carried out the development of service products and SOP process construction for administrative office and residential property service formats. It established the Property Service Standards Manual, Resource Allocation Standards Manual, Service Supervision Standards Manual, and SOP Post Operation Standards Manual, providing standardized practical tools for on-site operations and supporting the Company's high-quality development.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the second quarter of 2025, the Company formulated and issued the “Implementation Plan on Carrying Out Quality Supervision Work of Kingfar Property”, assisting projects in identifying issues, pain points, and difficulties that lead to declining service quality. Functional departments were organized to form quality supervision teams, establishing a normalized and closed-loop quality supervision mechanism. Through project self-inspection, functional supervision, and multi-department collaboration, the Company precisely identified service shortcomings, strengthened rectification and assessment, and effectively improved service quality. In the fourth quarter, the Company issued the “Special Work Plan for Environmental Sanitation Enhancement of Kingfar Property”, dedicating time to comprehensively rectify environmental sanitation in residential projects, achieving “no garbage on roads, no debris in public areas, no odor in toilets, and thorough cleaning of blind spots”. A long-term cleaning mechanism was established to enhance the refinement level of on-site services, steadily improve property owner satisfaction, and significantly reduce the complaint rate regarding environmental sanitation.

In response to audit issues related to outsourced business, the Company formulated and issued the “Measures for the Management of Outsourced Cleaning and Order Maintenance Services”. Outsourced quality control was managed through the entire process, covering sourcing and procurement, personnel briefing, on-site briefing, communication mechanism, on-site inspection, and reward and punishment assessment, thereby improving the quality of outsourced services.

### Open Up Communication Channels and Focus on Improving Satisfaction

Kingfar Property always puts customer service first and abides by laws and regulations including but not limited to the “Civil Code of the People’s Republic of China”, “Consumer Protection Law of the People’s Republic of China”, “Guidelines for Owners’ Meetings and Owners’ Committees”, “Computer Information System Security Protection Regulations, Property Management Regulation’s, and other relevant laws and regulations. In order to effectively improve customer satisfaction, Kingfar Property has formulated detailed customer service processes in its operations, covering complaints, follow-up visits, satisfaction surveys, and emergency response plans, thereby effectively enhancing customer satisfaction. As of 31 December 2025, Kingfar Property successfully completed the 2025 third-party service satisfaction survey. The survey results showed an overall satisfaction score of 96.2 and a satisfaction rate of 99.3%.

Kingfar Property provides multiple complaint channels, including customer complaints transferred from superior departments of the Company and government authorities (12345 hotline), the Company’s service supervision telephone (86536979), the Company’s 400 service hotline, and direct complaints received by individual projects. The Company has formulated comprehensive complaint classification standards and handling specifications, which define the management responsibilities for complaint handling, complaint channels, handling principles, classification, and complaint handling procedures. All complaints are centrally managed and controlled by the Corporate Management and Quality Department. Upon receiving a customer complaint, the Company strictly follows a closed-loop management process of “record – handle – track – verify”. Based on the content, the responsible department and corresponding business unit are identified, with clear requirements on handling deadlines and quality standards. The rectification process is tracked throughout, and upon completion, the handler conducts a follow-up visit to assess customer satisfaction, ensuring that every matter receives a response and every case is properly resolved. At the same time, complaint data is regularly summarized and analyzed to identify common issues and areas for improvement, thereby continuously enhancing service quality, safeguarding customers’ legitimate rights and interests, and steadily improving property owners’ satisfaction and sense of gain.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Kingfar Property insists on being customer-centric, attaches importance to customer opinions and handles them in a timely manner, and effectively improves customer satisfaction and reputation through prompt response and timely feedback. In 2025, Kingfar Property received a total of 490 complaints, representing a decrease of 150 cases compared with 2024. At the same time, both the complaint resolution rate and the complaint satisfaction rate further improved year-on-year.

Number of complaints received	Unit	2025 data	2024 data
Number of complaints received	case	490	640
Complaint handling rate	%	100%	100%
Complaint resolution rate	%	98.5%	96.8%
Complaint satisfaction rate	%	98.3%	96.8%

## Build Safety Management and Establish a Bottom Line of Protection

Kingfar Property strictly abides by all laws, regulations and industry regulations related to production safety, including but not limited to the "Production Safety Law of the People's Republic of China", "Regulations on the Reporting, Investigation and Handling of Production Safety Accidents", "Regulations on Emergency Response to Production Safety Accidents", "Management Measures for Emergency Plans for Production Safety Accidents", "Regulations on Production Safety Licenses", "Interim Measures for the Management of Production Safety Supervision and Fines", "Fire Protection Law of the People's Republic of China", "Shaanxi Province Production Safety Regulations", "Implementation Measures for the Fire Safety Responsibility System" and other rules and regulations, and has formulated policy management systems related to production safety that are in line with Kingfar Property's own development, to better implement various safety measures, put customers and production safety first, and build a bottom line of protection. With the unremitting efforts of all employees, Kingfar Property achieved the accomplishment of zero safety incidents and zero work-related fatalities throughout 2025.

## Improve the safety system and assign responsibilities to individuals

In accordance with the work requirement of "those who manage the industry must manage safety, those who manage the business must manage safety, and those who manage production and operations must manage safety", and in order to effectively strengthen the management of production safety, the Company has established a company production safety work leading group. Members of the Board play key roles, with members being the heads of various departments and projects. The Company's safety leading group has a safety leading group office under it, which is responsible for the daily arrangements of various specific work and the implementation of coordination work. The office is located in the corporate safety management and quality department, and the director of the office is concurrently served by the head of the corporate management and quality department. If the Company has a new project, the person in charge will automatically become a member of the Company's production safety leadership team. In order to further consolidate the implementation of responsibilities, the Company has signed the "2024 Annual Safety Production Target Responsibility Letter" with each region, independent projects and branches and subsidiaries. The responsibility letter clearly stipulates 22 specific completion indicators and 34 work tasks, including safety goals, safety responsibilities and specific measures, with a coverage rate of 100% so that everyone should shoulder the pressure and undertake the responsibility accordingly.

## Carrying Out the Three-Year Action Plan for Fundamental Safety Enhancement

In accordance with the directives of higher authorities, the Company has continued to deepen the three-year action plan for fundamental safety enhancement, conducting quarterly reviews and reporting to the Group. Throughout the year, a total of 32 inspections led by Company leadership were carried out, covering 42 key projects, during which 83 general safety hazards were identified and all rectified. Taking into account the characteristics of each quarter, the Company focused on year-end and new-year safety stability in the first quarter by launching a "Hundred-Day Campaign"; strengthened special rectification of hot work and confined space operations in the second quarter;



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

emphasized flood prevention and heat mitigation in the third quarter; and advanced fire prevention, anti-freeze, and anti-slip measures in the fourth quarter, thereby achieving normalization and precision in the action plan. In line with the Group's "Notice on Further Strengthening the Comprehensive Inspection and Rectification of Safety Hazards", the Company carried out a special campaign for comprehensive safety inspections and rectifications. This focused on key operational safety, fire safety, flood prevention, electric vehicle management, special equipment safety, and gas safety. A total of 41 safety inspections were conducted, identifying 143 hazards, of which 136 were rectified. The remaining two fire safety hazards at Qin Yu Jiayuan have been reported to relevant authorities for follow-up rectification. Over the year, the Company organized 820 project-level safety inspections, including 294 comprehensive inspections, 245 fire safety inspections, 160 elevator inspections, and 121 flood prevention inspections. A total of 508 general safety hazards were identified, with a rectification completion rate of 100%. Three major safety hazards were identified; apart from the two unresolved fire safety hazards at Qin Yu Jiayuan, all others have been rectified and closed.

### *Signing of the 2025 Annual Safety Production Target Responsibility Letter*

To comprehensively implement the 2025 safety production work, further consolidate responsibilities, and clarify post functions and safety duties, the Company signed the "2025 Annual Safety Production Target Responsibility Letter" with each region, independent projects, and branches and subsidiaries. The responsibility letter clearly stipulates 22 specific completion indicators and 37 work tasks, covering safety goals, responsibilities, and concrete measures. Safety work is ensured to be substantive, focused, and responsibility-oriented, with accountability assigned to individuals and objectives clearly defined.

### *End-Point Management*

The Company has strengthened the depth of "end-point" management and intensified safety assessments, further shifting the focus of safety management to work teams and frontline employees. Whether projects strictly implement the team pre-shift meeting system, the three-level safety education system, the project leader safety inspection system, and the implementation of frontline safety measures has been incorporated into the Company's routine inspections and quarterly assessments as key evaluation criteria. First, projects and subsidiaries adhere to the management philosophy that safety production must be rooted in grassroots work teams, and strengthen three-level safety education and training for employees. Second, project leaders strictly carry out safety inspections in accordance with the "Safety Inspection Management Measures". Third, the team pre-shift meeting system is rigorously implemented to ensure proper safety briefings. Fourth, teams regularly conduct training on safety risks in each operational area, ensuring that safety awareness is deeply internalized. Fifth, the Company further promotes mechanized and automated operations to reduce personnel operation risks. Sixth, safety rewards and penalties for frontline employees are intensified, enhancing the precision and application of assessment results. Through assessments, frontline employees are compelled to further implement their safety responsibilities, thereby continuously strengthening the intensity of "end-point management".

### *Major Hazard Determination*

The Company strictly follows the standards for major hazard determination, systematically carrying out specialized training, reviewing the criteria, and updating and refining the major hazard safety inspection checklist. Project backbones and frontline employees were organized to participate in thematic training on major hazard determination standards, with in-depth interpretation of core provisions to strengthen employees' capabilities in safety risk identification, hazard handling, and emergency response. Based on the updated major hazard safety inspection checklist, comprehensive hazard inspections were conducted across management areas, including fire protection facilities, emergency passages, elevator equipment, electricity and gas usage, and public areas. A graded ledger was established to clarify rectification responsibilities, measures, and deadlines, thereby achieving closed-loop management of hazards. By summarizing and optimizing control processes, the Company has built a safety management system that is well-structured, responsibility-oriented, thorough in inspections, and complete in rectifications. Through normalized patrols, targeted inspections, and practical drills, the Company comprehensively safeguards the health and safety of customers. Going forward, the Company will continue to deepen hazard identification and rectification, further consolidating the foundation of safety management.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

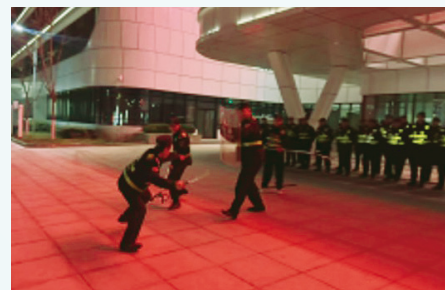
### Safety Training

Throughout the year, the Company organized 452 safety training sessions for employees, covering approximately 3,716 participants, and conducted 76 safety awareness campaigns for property owners. In the first quarter, more than 140 training sessions were held, involving over 900 participants. In the second quarter, two centralized trainings were organized, including fire safety training for micro fire stations, while regions and projects carried out more than 150 training sessions with over 1,000 participants. In the third quarter, centralized trainings on flood season emergency response and heat prevention were conducted, covering more than 1,600 participants, alongside more than 70 specialized trainings organized by regions and projects. In the fourth quarter, frontline trainings were conducted focusing on updates to the dual prevention mechanism, ensuring that employees mastered risk points and control measures. The training content covered regulatory standards such as the "Methods for Determining Major Accident Hazards", the "Dual Prevention Mechanism", and the "Safety Regulations for Confined Space Operations", as well as practical knowledge including typical accident case studies and emergency response skills.



### Emergency Drills

Throughout the year, the Company organized 402 emergency drills, including 197 fire evacuation drills, 79 flood prevention drills, 100 elevator entrapment drills, and 26 public security drills. Each quarter, targeted drills were carried out in line with key work priorities: in the first quarter, more than 120 emergency drills were conducted focusing on fire safety and elevator entrapment scenarios; in the second quarter, over 150 drills were organized covering flood prevention, fire safety, and elevator entrapment; in the third quarter, more than 180 drills were conducted, emphasizing flood prevention, heatstroke response, and electrical fire scenarios; and in the fourth quarter, special drills were carried out focusing on winter safety risks. By simulating real-life scenarios, the Company tested the feasibility of emergency response plans, strengthened departmental coordination capabilities, and enhanced employees' emergency response speed and handling proficiency.





## Highlights of the Year

### *Electric Vehicle Safety Rectification*

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The Company has continued to carry out rectification of issues such as electric vehicles entering buildings, disorderly parking, and unsafe charging practices. Safety awareness among property owners was enhanced through electronic displays, WeChat, and in-home publicity. In 2025, 563 new “Electric Vehicle Safety Commitment Letters” were signed with property owners. A registration and management system was established for more than 10,000 electric vehicles and 2,905 charging ports within the Company’s management areas. In April, 184 elevator access control devices for electric vehicles were installed across three projects, including Baihualin Jian. Throughout the year, 123 special inspections on electric vehicles were conducted, identifying 247 hazards, all of which have been rectified.

### **Compliance Promotion to Enhance Brand Value**

The sustainable development of an enterprise is inseparable from its brand communication. When communicating its brand value, Kingfar Property continues to standardize brand management to ensure that the process is well documented and the content is compliant with regulations, thus ensuring the sustainable development of the corporate brand.

### *Improvement of Information Systems*

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In 2025, Xi’an Kingfar Property Co., Ltd., building upon the comprehensive optimization of its brand management system and the revision of a series of management measures in the previous year, focused on the full-scale promotion, rigid implementation, and closed-loop inspection of the “Measures for the Management of Publicity and Information Release”, the “Measures for Information Work Management”, and the “Measures for Brand Management”, ensuring that management standards were effectively enforced. In addition, in June the Company issued the “Measures for the Management of Kingfar Property Logos and Signage”, which standardized the application, design, production, usage, and maintenance of corporate logos, unified brand image, improved service quality, and ensured the accurate expression of signage information.

Through thematic training sessions and policy interpretation, the Company organized departments, business units, regions, projects, and subsidiaries to thoroughly study and understand the core requirements of the management measures, thereby strengthening employees’ awareness of brand compliance. At the same time, specific provisions of the management measures were integrated into daily business processes, with responsibilities clearly defined at each stage to ensure effective implementation. Furthermore, the Company established a sound mechanism for regular supervision, inspection, and feedback, conducting compliance reviews on publicity releases, brand usage, and information reporting, promptly identifying issues and urging rectifications.

By adopting a three-pronged strategy of strengthening promotion, enforcing execution, and conducting strict inspections, the Company has effectively enhanced the standardization and normalization of brand management, further consolidated its brand system, increased overall brand value and market influence, and created a more regulated and orderly internal management environment and external publicity atmosphere to support the Company’s sustainable and healthy development.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### *Consolidating Brand Image*

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In 2025, Xi'an Kingfar Property further advanced the column-based, systematic, and refined operation of publicity work. The Company focused on social media and short-video platforms, systematically planning and continuously producing distinctive content series such as the "Gain Some 'Zhi' Knowledge" WeChat articles, the "Growing Together with Kingfar" themed short-video series, and the "Kingfar Mini Classroom" knowledge-sharing short-video series. Through stable and high-quality content output, the Company consistently conveyed its core values of "Passion, Professionalism, and Value", effectively enhancing brand recognition and user engagement.

While strengthening its online content matrix, the Company deeply integrated offline scenarios, successfully organizing distinctive activities such as the "Spring in Progress" photography competition and the 8th Neighbor Festival. These initiatives directed online traffic to offline experiences, while offline activities in turn enriched online content and interactions, forming a complete online-offline linkage loop. This significantly enhanced property owners' sense of participation, belonging, and community warmth.

Through systematic content planning and scenario-based activity operations, the Company achieved simultaneous improvements in brand influence, platform fan engagement, and property owner satisfaction throughout the year. Leveraging data-driven and intelligent analysis tools, publicity strategies were continuously optimized, further consolidating the brand image and laying a solid foundation for the deep communication of property service value.

### *Strengthening Publicity Capabilities*

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In 2025, Xi'an Kingfar Property continued to deepen its investment in external publicity resources and organizational development, focusing on systematically enhancing the professional capabilities of its team. The brand publicity team maintained a complete structure covering planning, copywriting, video production, and design positions, and further improved work efficiency through optimized collaboration processes.

The key focus of this year's development was the establishment of a normalized and institutionalized learning and development mechanism. The Company fully implemented the "One Hour After Class" thematic learning system, organizing regular internal training and sharing sessions on topics such as new media trends, content creation, and brand communication to ensure continuous knowledge updates. At the same time, an innovative cross-post rotation program was introduced, encouraging team members to engage in short-term practice across different functions such as planning, content, and visual design. This effectively broke down professional barriers, cultivated multi-disciplinary capabilities, and enhanced overall team collaboration and innovation vitality.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### Neighbor Festival



From August to October 2025, Xi'an Kingfar Property successfully held the 8th Neighbor Festival. Spanning nearly three months, the festival featured a richer and more diverse range of activities, including themed events such as the "Starry Sky Cinema", "Bubble Battle", "Parent-Child Light Food DIY", and "Fun Sports Games", organized across multiple projects including Baihualin Ju, Baihualin Jian, and Baihualin Impression Nature River Mountain. The festival aimed to deepen neighborhood connections, elevating the concept of "living side by side" into a community spirit of "mutual support and care", and continuously building a warm and harmonious community culture IP.

### Fire Safety Promotion Month

In November, Xi'an Kingfar Property Co., Ltd. launched the 2025 Fire Safety Promotion Month under the theme of "Fire Safety for All, Life Above All". Through thematic push notifications, posters, short videos, and offline activities, the Company demonstrated knowledge such as the proper use of fire-fighting equipment and fire escape techniques. At the same time, fire drills were organized in various communities to emphasize the importance of drills in safeguarding residents' lives and property, while calling on everyone to pay attention to fire safety and become guardians of fire protection.



### Discovering Service Stories

To vividly interpret the service philosophy of "Passion, Professionalism, and Value", Xi'an Kingfar Property systematically explored and promoted a series of frontline service stories and exemplary figures in 2025. Centered on the theme of "Discovering Role Models Around Us", the Company produced the "Growing Together with Kingfar" short-video series and thematic WeChat articles, deeply narrating the extraordinary stories of employees in ordinary positions. At the same time, the Company launched the "Kingfar Service Stories" publicity series, innovatively adopting the perspective and voice of property owners to record and disseminate those heartwarming service moments.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

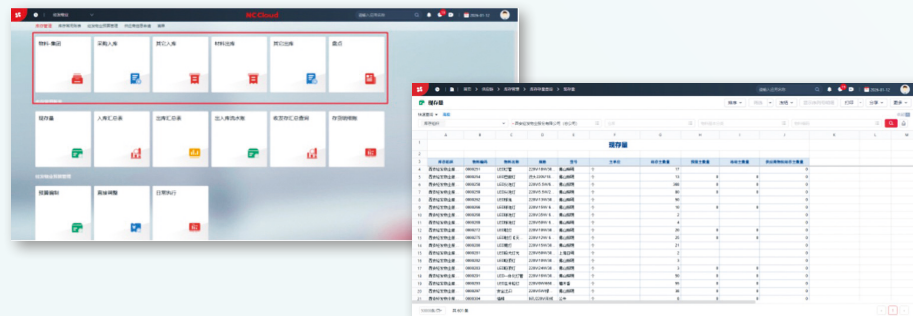
### Information security Protection

Information security is an important line of defense to protect the healthy development of enterprises. Kingfar Property strictly abides by the "Computer Information System Security Protection Regulations", the "Information Security Level Protection Management Measures", the "GBT 22080-2008 ISO27001-2005 Information Technology Security Requirements for Information Security Management Systems", and other relevant regulations. The Company has also formulated systems such as the "Information Security Level Protection Management Measures", the "Confidentiality Work Management Measures", and the "Network Security Emergency Response Plan". These stipulate principles for information network security management, internal organizational responsibilities, information system security and usage requirements, procurement and change procedures, data connection and usage security, assessment and accountability. The scope covers password security, database security, intellectual property rights, network security, and graded protection. In addition, functional departments such as the Office and the Information Center are responsible for the Company's security and privacy protection programs, processes, and systems across all areas, ensuring user privacy and information security within the Group.

Kingfar Property attaches great importance to information security protection. When selecting suppliers, the Company requires them to hold relevant certifications in information security and user privacy. Customer privacy protection agreements are signed with suppliers involving customer information; system access permissions are set; and information security training is conducted before systems go live. In accordance with national laws and regulations, the Company carries out graded protection filing for all information systems. Suppliers are also required to provide statements of software authenticity.

### Launch of the Warehouse System Application

In 2025, with the continuous development of information technology and the increasing requirements of management, the original warehouse system could no longer meet the daily usage and inventory management needs of the Company's warehouses. To improve material management standards and accelerate the integration of business and finance, the Company conducted research on warehouse system usage requirements and market software products, and completed the system upgrade. After the upgrade, all material warehouses adopted the new warehouse system for inventory management, which was also integrated with the financial NCC system, thereby significantly enhancing operational efficiency in warehouse management and financial administration.



Launch of the Warehouse System Application in 2025



## Highlights of the Year

### *Intelligent Equipment Management*

Relevant projects achieved real-time monitoring, data analysis, and feedback of core equipment operations, enabling instant notifications and control via PC terminals and WeChat mini-programs. Early warnings were issued for abnormal equipment operations, reminding on-site personnel to investigate and resolve issues in advance. This shifted property service management from post-event handling to proactive control, reducing equipment failure rates and achieving cost-reduction and efficiency-improvement objectives.

The visitor access control system effectively addressed the inefficiencies of traditional paper-based registration in scenarios involving high visitor volumes and complex management requirements. It significantly improved the intelligence level and safety of access control, meeting property owners' higher expectations for access security and passage efficiency, and supporting property management in achieving efficient and intelligent upgrades in visitor management.

## PEOPLE-ORIENTED, CARING FOR EMPLOYEES

Kingfar Property strictly abides by laws and regulations such as the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China", the "Employment Promotion Law of the People's Republic of China", and the "Industrial and Commercial Insurance Regulations", and adopts talent strategy as the core engine of corporate development. Through the dual-wheel drive of digital empowerment and humanistic care, the Company has built a full-cycle training system covering talent selection, career development, and capacity improvement. The Company strives to create an open and inclusive organizational ecology, establish a two-way communication mechanism and diversified growth channels, continuously upgrade employees' value creation capabilities to promote high-quality corporate development, and achieve the symbiosis and prosperity of human capital and organizational strategy.

### **Compliance with Employment Regulations**

The Company strictly abides by the "Labor Law of the People's Republic of China" and relevant national policies and regulations in its employment practices. It strictly prohibits the recruitment of minors under the age of 18 and strictly complies with national laws and regulations prohibiting child labor and forced labor. All employees must go through formal procedures such as voluntary application, interview assessment, and signing of labor contracts before joining the Company. Once any violation of labor standards is discovered, the Company will immediately terminate the labor relationship, report it to the relevant authorities in accordance with the law, take remedial measures, and strengthen internal management to prevent similar incidents from happening again. During the year, no incidents of child labor were found.

As of 31 December 2025, the total number of employees of Kingfar Property was 8,263, of which 4,340 were male employees, accounting for 52.5%, and 3,923 were female employees, accounting for 47.5%.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Composition of Company Employees

Employees	Number of employees in 2025	Number of employees in 2024	Employee turnover rate in 2025	Employee turnover rate in 2024
<b>Employees</b>	8,263	7,833	2.03%	2.72%
<b>By gender</b>				
Male	4,340	4,085		
Female	3,923	3,748		
<b>By age group</b>				
30 or below	1,546	1,273		
31–50	3,386	3,117		
50 or above	3,331	3,443		
<b>Total number of employees by employment type</b>				
Full-time	8,263	7,833		
Part-time	0	0		
<b>By geographical region</b>				
Employees in East China (including Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong)	0	0		
Employees in Central China (Henan, Hubei, Hunan)	0	0		
Employees in North China (including Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia)	0	0		
Employees in South China (Fujian, Guangdong, Hainan, Guangxi)	0	0		
Employees in Northwest China (Shaanxi, Gansu, Qinghai, Ningxia, Xinjiang)	8,263	7,833		
Employees in Northeast China (including Heilongjiang, Jilin, Liaoning)	0	0		
Employees in Southwest China (Chongqing, Sichuan, Guizhou, Yunnan, Tibet)	0	0		
Employees in Hong Kong, Macau and Taiwan	0	0		

## Employee Rights

Kingfar Property abides by relevant national laws and industry regulations, including but not limited to the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, the “Employment Promotion Law of the People’s Republic of China”, the “Social Insurance Law of the People’s Republic of China”, the “Regulations on Special Protection of Minor Workers of the People’s Republic of China”, the “Enterprise Minimum Wage Regulations”, the “Regulations on the Prohibition of Child Labor”, the “Constitution of the International Labor Organization”, the “Convention on Discrimination in Employment and Occupation”, and the “Convention on the Abolition of Forced Labor”, to protect the legitimate rights and interests of employees. We actively maintain the occupational health and safety of employees and ensure that child labor and forced labor are always prohibited during operation. We also open up a variety of feedback mechanisms, and listen to the voices of employees, including but not limited to the party branch hotline, labor union hotline, employee voice channel. The Company attaches great importance to employee safety protection. Over the past three years, there have been no cases of employee fatalities due to work-related incidents.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Lost days due to work injury and work-related fatalities in the past three years*

<b>Health and safety</b>	<b>2025 data</b>	<b>2024 data</b>	<b>2023 data</b>
Lost days due to work injury (day)	1,091	465	299
Number of work-related fatalities in each of the past three years	0	0	0
Proportion of work-related fatalities in each of the past three years	0	0	0

## **Employee Welfare and Team Building**

Kingfar Property attaches great importance to grassroots employees, consistently focusing its efforts on serving them wholeheartedly. The Company strengthens democratic management and safeguards employees' legitimate rights and interests. It continuously standardizes corporate affairs disclosure, ensuring that every employee proposal and request receives a response and is properly addressed. At the same time, rationalization suggestion campaigns are organized to enhance democratic management. Through comprehensive employee evaluation communications and regular exchange meetings, the Company collects employees' opinions and suggestions, encouraging them to contribute ideas and demonstrate a strong sense of responsibility and ownership toward the enterprise.

Kingfar Property values direct communication with every grassroots employee. Dedicated channels such as Party branch hotlines, labor union hotlines, and "Employee Voices" platforms are established to promptly listen to employees' opinions.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### Employee Visits

In 2025, the labor union of Kingfar Property made multiple visits to employees who had given birth or were hospitalized. In August, more than 10 “Cooling Relief” activities were organized during hot weather, covering over 2,200 employees, ensuring that staff could devote themselves wholeheartedly to their work. Throughout the year, irregular surveys of employees in difficulty were conducted, and in late November, assistance activities were organized to support four employees in need. Regular “Warmth Delivery” activities were also carried out, benefiting more than 2,800 employees.

### Union Employee Badminton Tournament

On 25 September, Kingfar Property’s labor union held the 2025 annual Union Employee Badminton Tournament under the theme “Spread Your Wings to Celebrate National Day, Strive on the Court to Honor the Anniversary”. A total of 59 employees participated. Awards were presented to two first-prize winners, four second-prize winners, and six third-prize winners in the men’s and women’s categories. In addition, the “Spirit and Attitude Award” was granted to players who demonstrated positivity and team spirit.



### Spring Festival Greeting and Care Activities

During the Spring Festival of 2026, the labor union of Xi’an Kingfar Property organized Spring Festival greeting and care activities. Company leaders led teams to visit frontline posts across various projects, delivering New Year gifts and extending the most sincere holiday blessings to employees who remained on duty during the festival.





## Highlights of the Year

### *"Kingfar Speaks" Corporate Culture Activity*

In October, the Human Resources Department successfully held the 2025 "Kingfar Speaks" corporate culture activity at Baihualin International, under the theme "Craftsmanship in Safeguarding, Innovation in Breakthrough". This session focused on two exemplary figures in the field of property maintenance, who vividly demonstrated through real-life experiences and technical sharing the core values of "technical expertise" and "innovative practice" in property services, fostering a team atmosphere of "respecting skills and advocating innovation". The event attracted the active participation of about 50 employees from various regions and projects. The activity was structured into five segments: background and purpose introduction, guest introduction, story sharing, interactive dialogue, presentation of souvenirs, and leadership remarks. The host systematically elaborated on the four objectives of the event: establishing internal role models, stimulating team vitality, promoting cultural implementation, and facilitating experience inheritance. Kingfar Property employees will take this exchange as a new starting point, continuously refining their skills on the path of service upgrading, interpreting responsibility through practical actions, forging the brand with craftsmanship, and jointly writing a new chapter in park service.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### Care for Female Employees and Protection of Rights

Kingfar Property is committed to the growth and career development of female employees, actively safeguarding their legitimate rights and interests, and responding to the trend of gender equality by continuously building a welfare security system for female employees. The Company strictly abides by national regulations on female employees' leave management, giving full care to female staff. The "Employee Attendance Management Measures" explicitly grant female employees maternity and nursing leave, and provide paternity leave for male employees, supporting new mothers in returning to the workplace. Female employees are entitled to 98 days of maternity leave (including 15 days of prenatal leave) for childbirth. For employees who legally give birth to a child, maternity leave is extended by 60 days on top of the statutory leave. Those who undergo pre-pregnancy check-ups are granted an additional 10 days, and those experiencing difficult labor are granted an additional 15 days. Female employees who miscarry less than four months into pregnancy are entitled to 15 days of maternity leave, while those who miscarry after four months are entitled to 42 days. Nursing female employees are entitled to one hour of breastfeeding time each working day. Female employees in the "three phases" (pregnancy, maternity, and nursing) are not permitted to undertake labor of the third level of physical intensity as stipulated by national regulations, nor other prohibited tasks during lactation, and they are not to be assigned extended working hours or night shifts.

Kingfar Property attaches great importance to the work of female employees, earnestly safeguarding their special rights and interests, and guiding them to engage in daily work with a positive and confident spirit. To further enrich the work and life of female employees, enhance team spirit, and showcase their vitality in a healthy and uplifting manner, the Company organized a Women's Day movie-watching activity in 2025 and established a mother-and-baby room at the Company's headquarters, further enhancing female employees' sense of happiness and belonging.





## Highlights of the Year

### *Compensation System*

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Since 2025, Kingfar Property has revised several compensation-related management policies to clarify the Company's responsibilities regarding compensation management, the compensation system, compensation administration, and social insurance. The Company remains committed to ensuring the reasonableness of salaries and maintaining competitive compensation levels for its employees within the industry. In April 2025, Kingfar Property revised the "Regulations on the Management of Executive Compensation at Subsidiaries" to standardize the management of executive's compensation at subsidiaries, strengthen the incentive-oriented mechanisms for executives' compensation at subsidiaries, and enhance the performance capabilities and management standards of executives at subsidiaries. In June 2025, the Company revised the "Operations Position Compensation Plan" based on the "2025 First-Half Compensation Survey Report" and prevailing market compensation levels. The company further strengthened the management of compensation for operational staff, standardized the criteria for determining employee pay grades, and fully leveraged the regulatory role of the compensation system to provide a basis for setting salaries and pay grades for operational staff. In September 2025, the Company revised the "Management Personnel Compensation Plan", which outlines the pay grade ranges, grading criteria, salary determination standards, and salary disbursement procedures for management personnel at all levels. This plan provided a framework for salary evaluations, pay raises, promotions, and grade advancements for both management and employees. In December 2025, the Company revised "Employee Performance Evaluation Procedures" to further establish a differentiated incentive mechanism. Adhering to the principles of performance-based compensation and evaluation-driven outcomes, the Company implemented a tiered point system to ensure that year-end performance bonuses are distributed according to performance evaluation grades, thereby advancing reforms to the employee year-end bonus allocation mechanism. During the Reporting Period, there was no illegal practices on the part of Kingfar Property including default, late payment or non-payment of employee wages.

### *Employee Recruitment*

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In the face of the demand for professional and management talents brought about by brand expansion and scale growth, Kingfar Property adopts diversified forms of recruitment such as external recruitment, internal competition and selection, and campus recruitment based on the annual recruitment plan and market development blueprint and in line with following the principles of openness, demand-based, and equal competition. Through a three-level recruitment system, namely preliminary screening, in-depth interviews and comprehensive assessments, we ensure that every candidate meets the job requirements in terms of knowledge, morality and physique. At the same time, a dual-track recruitment mechanism of management and technology is implemented, which focuses on both the development of management potential and the introduction of technical expertise. These daily operational measures enable the Company to select a large number of high-quality talents and provide a solid human resource guarantee for the realization of the Company's strategic goals.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### Spring Recruitment

The Company organized a series of campus presentations and bilateral selection job fairs during springtime. On 10 April, we went to Shaanxi College of Communications Technology and gave in-depth advocacy and publicity lectures on majors such as property management and facility maintenance, which attracted the attention of many students. In addition, during the period from 27 March to 15 May, we also participated in many bilateral selection job fairs at universities such as Shaanxi University of Science and Technology, Xi'an Jiaotong University City College, Shaanxi College of Communications Technology, Xi'an Technician College (西安技師學院), and Xi'an University of Technology, collecting a total of more than 680 resumes and interviewing more than 260 people onsite. Through this series of activities, we successfully recruited 6 on-site customer service staff, 3 concierges, 30 conference attendants, and 18 maintenance interns, as well as a total of 60 people taking up on-the-job internships, which effectively met the talent needs in the second quarter and provided a solid talent guarantee for the Company's rapid development.



Scene from the 2025 On-Site Recruitment Presentation at Shaanxi College of Communications Technology

### Fall Recruitment

During the fall recruitment phase, the Company focuses on both filling frontline positions and building a talent pipeline, coordinating with its subsidiaries to conduct recruitment activities simultaneously. On 26 September, the Company participated in Xi'an Aviation University's "70th Anniversary: Setting Sail for Excellence—2026 Graduating Class Fall Job Fair". Leveraging the university's academic strengths, the Company focused on recruiting talent in fields such as facility maintenance and engineering management; on 14 October, the Company organized its subsidiary, Smart Company, to participate in the Fall Job Fair for the Class of 2026 at Xi'an University of Science and Technology. The event focused on specialized positions in smart property management, with the aim of identifying highly qualified professionals to support the Company's strategic development in smart technology. Throughout 2025, the Company's campus recruitment campaign received over 450 resumes and conducted more than 180 on-site interviews. Following a multi-stage evaluation process, including resume screening, on-site interviews, and pre-employment assessments, the Company ultimately hired 5 sales office customer service representatives, 4 concierges, 12 conference coordinators, and 5 maintenance interns. A total of 25 individuals began on-the-job training at the Company, effectively filling talent gaps in frontline positions across various projects and successfully completing the annual recruitment objectives for frontline roles. At the same time, through a series of recruitment events, the Company further expanded its brand influence on college campuses, laying a solid foundation for future university-industry collaboration and talent development. This has helped continuously improve the Company's talent pipeline and provided a reliable human resources foundation for the implementation of its market expansion strategy.



Scene from the Kingfar Property Recruitment Booth at the 2026 Graduating Class Fall Job Fair of Xi'an Aviation University

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Employee Training and Promotion

### Training System

The training management department of Kingfar Property attaches great importance to the establishment of the Company's training system, and continuously improves the training system in terms of system, resources and operation to ensure the continuous and effective operation of the Company's training work. In 2025, Kingfar Property further refined its Kingfar Property Reserve Talent Development and Training System" to cultivate a reserve talent pool characterized by professional expertise, high quality, sufficient numbers, and strong innovative capabilities. This initiative aims to better address new trends in the Company's development, implement new strategies, and advance efforts related to talent succession planning. For new employees, Kingfar Property has developed the "Operational Guidelines for Team Integration During the Probationary Period for Frontline New Hires" and the "Onboarding Training Management System for Operational Staff", which can help new employees quickly develop a sense of belonging, identification, and teamwork, enabling them to smoothly integrate into their departmental teams and the Company's culture. This facilitates a seamless transition from "newcomer" to "team member", thereby enhancing team cohesion and reducing the turnover rate during the probationary period; in terms of capabilities, this enables employees to quickly integrate into the Company's corporate culture, become familiar with the work environment, clearly understand their job responsibilities and behavioral standards, ensure work quality and safety, and enhance the overall quality and service standards of the workforce.

In 2025, Kingfar Property continued to provide targeted training for employees at different levels and in different job roles, with a commitment to fostering mutual growth between employees and the Company:

Category of Training	Direction of Focus	Number of training participants in 2025
<b>Young Eagle Series (雛鷹系列)</b>	Focus on introducing company culture, safety management and personnel system to new employees	12 frontline training courses with 1,031 participants; 6 management training courses with 167 participants
<b>Budding Talent Series (菁苗系列) Training Course</b>	Designed for management trainees, strengthen learning of project management capabilities and professional knowledge and practical experience in various property sectors	34 management trainees and 62 supervisor trainees
<b>Specialized Training</b>	Designed for key positions, focus on learning and practicing professional skills in actual work	A total of over 160 participants
<b>Service-Oriented Training</b>	Designed for frontline employees, launch a training program to enhance service awareness	A total of 26 training sessions were conducted, including 24 in-person sessions and 2 online sessions, with a total of 2,472 participants.

At present, all training programs have completed, with trainees successfully graduating from the programs. Through training effect evaluation and analysis and performance tracking and comparison, the "Young Eagle Series" (雛鷹系列) has improved trainees' recognition of the Company and their familiarity with the system; the "Budding Talent Series" (菁苗系列) has provided management talents for various projects of the Company, with some trainees already assuming corresponding management positions; special training has significantly improved the job skills and comprehensive quality of employees of different categories; the post-training assessment for frontline service awareness achieved a pass rate of 99.84%, indicating that trainees have a solid grasp of the theoretical concepts of service awareness. All training projects focus on the implementation of learned knowledge and the tracking and assessment of results, providing strong support for the implementation and improvement of the training system.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Number of persons as at the end of 2025 (person)	% of total number of persons as at the end of the period (%)	Average training duration (hours)	Number of persons as at the end of 2024 (person)	% of total number of persons as at the end of the period (%)	Average training hours (hours)
Trained male employees	4,116	95.30	11.62	1,946	94.37	14.93
Trained female employees	3,666	93.45	10.95	2,223	93.25	14.78
Trained non-management personnel	7,706	94.37	11.30	4,094	93.68	14.54
Trained management personnel	76	100	25.60	75	100	27.70

To improve the quality of training, the Company has assigned a dedicated staff member to manage the credentials of internal trainers, ensuring their proper administration and effective use. Specifically, this includes: (1) refining the grading criteria for in- internal trainers and clarifying the qualifications and certifications required for internal trainers at different levels. (2) Establish a registry of internal trainers' certification records, regularly verify and update the information, and ensure the validity of the certifications. (3) Conduct regular evaluations of internal trainers and provide rewards or disciplinary actions based on their teaching performance to encourage them to continuously improve their teaching skills.

The Company places equal emphasis on the concept of green training in its training programs. When designing training materials, it takes environmental factors into account.



## Highlights of the Year

### Executive Empowerment Training Program

On 19 and 26 December 2025, a specialized empowerment training program for middle and senior managers, meticulously organized by the human resources department of Kingfar Property was successfully held in the auditorium on the fifth floor of Baihualin International. The purpose of this training was to enhance innovation management capabilities, broaden the strategic horizons of the company's mid-to-senior management team, and help the organization move forward steadily in an era of transformation. Focusing on the two core themes of "strategy" and "innovation", the program featured lectures by two distinguished professors from Xi'an Jiaotong University, Liu Renjing and Zhao Wenhong, who shared new perspectives on strategic management and innovation management with the Company's mid-to-senior managers.



### 2025 Reserve Manager Management Capability Improvement Class

From March to November 2025, the human resources department launched a talent development program for future leaders. Through a systematic selection, training, and evaluation process, the department ensured the establishment of a company-level talent pool for future leaders by 2025. This training strictly screened 112 people who submitted applications for the project plan, and was staffed with lecturers from the Company's middle and senior management leadership to provide high-quality courses on job skills and property management knowledge required by project managers (a total of 28 courses and 128 class hours). We adopted an offline centralized training and teaching mode, during which we strictly enforced attendance discipline and organized in-class and after-class tests. At the end of the training, we conducted a final examination and summarized the total scores. Through multi-dimensional judgment and strict review, 96 people finally passed the assessment and graduated, with a pass rate of 85%. After the training, the subsequent growth of the trainees will be tracked, and the talent delivery rate will be assessed using the performance indicator of becoming a project manager. Finally, the Human Resources Department organizes training effectiveness evaluations in the form of questionnaires and interviews in order to continuously improve the training projects.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### *2025 Frontline Service Staff Service Awareness Enhancement Training*



From April to October 2025, the human resources department of Kingfar Property conducted service awareness training for operational staff across all regions and independent projects, achieving a coverage rate of at least 80%. This aimed to promote the Company's corporate culture and enhance service awareness; improve employees' general knowledge of service etiquette when interacting with property owners across different business sectors and job roles. The training courses covered topics such as "Enhancing Service Awareness Through Psychology" and "Six-Senses Service in Property Management". Through a combined model of "in-person centralized training sessions and online supplementary training", the training effectively covered all regions, including decentralized projects (such as the Jingwei and School districts). A total of 24 in-person training sessions and 1 online

training session were conducted, with a total of 2,476 participants, which was far exceeding the expected reach. The unified online exam held on 23 October saw 2,476 participants, with 2,472 passing, resulting in a pass rate of 99.84%. This clearly demonstrates the effectiveness of the training content and the participants' mastery of the material.

### **Promotion**

Kingfar Property is committed to the professional growth and development of its employees. In order to fully tap into its internal potential, the Company has opened up broad career development potential space for outstanding and qualified employees. All vacant positions are filled through transparent processes such as open competition and internal selection to ensure fairness in talent promotion.

The Company has further established a system for managing the job grades of employees in functional departments, clearly defining the qualifications and competency requirements for these positions. By conducting a competency-based grading evaluation of functional department roles, the Company has developed the "Functional Department Job Grade Evaluation Table" and the "Job Grade Sequence Salary Scale". The Company has refined the job grading system for functional departments to ensure that employees' compensation aligns with the value of their roles, thereby broadening their career development pathways and opportunities.

In 2025, the Company revised its "Management Compensation Plan" to further strengthen the management of executive compensation. By establishing clear salary ranges for each management level, the Company ensured alignment between job value and compensation, thereby providing a standardized framework for salary evaluations, raises, promotions, and rank advancements for both management and staff. We have established employee rank management in functional departments, clarified employee qualifications and quality and ability requirements, and compiled the "Functional Department Job Rank Evaluation Form" and "Rank Sequence Salary Grade Form" through graded evaluation of functional department job competencies. We have improved the job and rank management system of functional departments, achieved a match between employee job value and remuneration, and broadened the paths and channels for employees' career development.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company's current incentive mechanisms are set out as follows:

Incentive Mechanism	
<b>Senior management</b>	The annual performance linkage bonus will be issued based on the Company's annual operating performance.
<b>Project middle management</b>	If the year-end operating target is exceeded, the excess reward for that year will be redeemed.
<b>Middle level of functional department</b>	At the end of the year, if the department's target responsibility is assessed to be qualified, the target assessment reward for that year will be redeemed.
<b>Employees</b>	At the end of the year, if the department/project target responsibility assessment is passed, the target assessment reward for that year will be redeemed.
<b>Immediate rewards</b>	For employees who perform well in their daily work, perform in line with typical cases in daily events and emergencies, etc., and receive unanimous praise from the team or customers, they will be given certain bonus incentives.
<b>Star of service</b>	For employees who have good work performance, good service and outstanding contributions to the team in the month, the project can give employees certain spiritual and material rewards.
<b>Outstanding Team</b>	In the daily work of each project, the project can give "Outstanding Team" rewards based on the team's contribution for the team's performance, degree of dedication, and the lack of external complaints from customers.

In addition, the Company holds an annual year-end appraisal to select outstanding projects, outstanding teams and better-performing individuals with advanced skills to motivate employees' initiative.

## Communication and Care for Employees

Kingfar Property always considers the health and safety of employees as a top priority and regularly organizes comprehensive employee physical examinations covering basic physical indicators, special disease screening. In terms of safety management, we provide employees in special positions with professional protective equipment, carry out safety skills training, strengthen safety supervision at the work site, and protect the health and safety of employees in all aspects. During the period, the Company organized a rational suggestion collection activity to enhance the democratic management of the enterprise. It also collected opinions and suggestions from employees through comprehensive employee evaluation and communication and regular communication meetings, allowing employees to offer suggestions and fully demonstrated the employees' strong sense of responsibility and ownership of the enterprise.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company complies with the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”, the “Regulations on the Management of Labor Protective Equipment by Employers”, and the “Regulations on Occupational Health Management in the Workplace”, among other relevant regulations. It has also formulated the “Management Measures for Employee Safety and Health Protection” to safeguard employee rights. The Company primarily standardizes the management of personal protective equipment management and occupational health management, and labor protection for female employees. The technical department establishes distribution standards for personal protective equipment based on job types, labor intensity, occupational hazards, and other factors, and is responsible for the centralized procurement, distribution, and record-keeping. Inspections are organized in accordance with national requirements to ensure that protective equipment is safe, reliable, and meets functional requirements. In accordance with the requirements of the “Quality, Environment, and Occupational Health and Safety Management System Specifications”, each project must thoroughly identify occupational health factors in the workplace, such as outdoor work, equipment noise, and welding operations. Appropriate safety measures should be implemented during operations to reduce employee injuries, and occupational hazards should be eliminated or minimized through technical upgrades or management measures. Protections for female employees must be ensured in the workplace.

At the operational level, the Company’s “Operational Safety Management System” implements rigorous safety controls for hazardous operations, which include hot work, work at heights, confined space entry, excavation work, and temporary electrical work. This system clearly defines the fundamental safety guidelines for various types of hazardous operations. It establishes comprehensive, detailed, and practical standards covering every stage – from pre-operation approval processes and risk assessments, to on-site supervision and emergency response during operations, and post-operation inspections and reviews, ensuring that safety management and key safety considerations are addressed throughout the entire process. This lays a solid foundation for the safe and orderly conduct of hazardous operations.



## Highlights of the Year

### *End-point Management*

Strengthen the depth of “end-point” management and increase the intensity of safety assessment: Greater focus has been put on safety management on work teams and front-line employees. The progress of implementation of the following areas were monitored as an important part of the Company’s daily inspection and quarterly assessment, including whether each project strictly implements the pre-shift meeting system, the three-level safety education system, the regular safety inspection system for project leaders and safety managers, and the implementation of safety measures for front-line personnel. First, each project and branch company were committed to establishing the management concept of starting safe production from the junior team and strengthens the three-level safety education and training of employees; second, each project leader and safety manager must conduct regular safety inspections in strict accordance with the “Safety Inspection Management Measures”; third, pre-shift meeting system was strictly implemented to ensure safety briefings are adequate; fourth, safety risk training was regularly conducted within the team on the work areas of each post to make safety risks “ingrained in the mind”; fifth, “mechanized and automated operations” was further promoted to reduce personnel operation risks; sixth, we have strengthened the intensity of safety rewards and punishments for front-line personnel, enhanced the accuracy of assessment results, reinforced the use of assessment results, and urged front-line practitioners to further implement the safety responsibilities of their posts through assessments to continuously strengthen our “end-point management”.

### *Summer “Cooling Care” Activity*



To thoroughly carry out labor protection work under high-temperature weather, effectively safeguard the labor safety and health rights and interests of all employees, and promptly deliver the care of the Party, the government, and the trade union organizations to the hearts of the workforce, under the strong support and correct leadership of the trade union of Xi’an Economic and Technological Development Zone and the Group’s trade union, the trade union committee of Xi’an Kingfar Property Services Co., Ltd. organized a summer “Cooling Care” activity in August. The leader of the Group, deputy general manager of Kingfar Property and Wang Gang, the chairman of the trade union, the director of the Party and Mass Work Office and Wu Lili, the organization committee member of the trade Union, visited employees to bring summer relief and

convey the “family-like care” of the trade union to workers holding their posts under high temperatures.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENERGY CONSERVATION WITH EMISSION REDUCTION, GREEN DEVELOPMENT

Kingfar Property strictly abides by the “Environmental Protection Law of the People’s Republic of China”, “Environmental Impact Assessment Law of the People’s Republic of China”, “Water Pollution Prevention and Control Law of the People’s Republic of China”, “Water Law of the People’s Republic of China”, “Solid Waste Pollution Prevention and Control Law of the People’s Republic of China”, “Environmental Noise Pollution Prevention and Control Law of the People’s Republic of China” and other laws and regulations, promotes green and low-carbon office, improves corporate environmental management measures, and contributes to the early realization of the country’s “dual carbon” goals.

The Company places a high priority on environmental management in its business operations and holds an environmental management system certification.



### Energy Conservation with Emission Reduction

#### Setting Energy-saving Targets

To achieve the annual target of reducing public water and electricity consumption by at least 6%, Kingfar Property, in accordance with the “Water and Electricity Consumption Management Measures” and the “Detailed Rules for the Assessment of Water and Electricity Consumption Control”, has guided each project to implement public area energy-saving control measures, energy consumption classification measurement, data analysis and comparison, latent hazard investigation and leakage repair and other control systems. The technical department supervises and inspects the implementation of energy consumption operations on site of each project every month, and provides correction guidance; compiles quarterly public energy consumption operation analysis reports every quarter, issues over-limit warnings and performance appraisals for public water and electricity loss rates and energy consumption quotas, formulates the next step of energy consumption control measures for concentrated problems, eliminates public water and electricity energy consumption losses. At the same time, through measures such as implementing energy-saving upgrades to lighting and elevators, participating in electricity trading, and optimizing electricity cost allocation, the Company effectively ensured that the annual energy consumption targets were met.

#### Energy-saving Measures

Kingfar Property continues to promote the concept of cost management, striving to maximize efficiency through cost control, eliminating waste, and encouraging frugality. The Company is fostering a mindset that cost management is everyone’s responsibility, making it an integral part of daily operations. The Company conducts a comparative analysis of actual energy consumption, budgeted energy consumption, and energy consumption for the same period in the previous year, identifies the causes of energy consumption anomalies by examining data on energy consumption exceeding quotas, addresses on-site energy wastage issue and reduces energy costs. It develops an annual template for material consumption standards to guide project units across all business sectors in setting their per-unit area consumption targets, and uses these standards to control daily consumption, thereby effectively reducing material costs.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2025, in response to the Company's special initiative on "energy conservation and consumption reduction", the office designed and produced signage promoting "responsible use of lighting" to empower the headquarters' efforts in "energy conservation and consumption reduction". Using color-coded labels, the lighting in the headquarters office area is divided into three categories: "always on", "on when needed", and "off unless necessary", accompanied by written instructions to guide employees in using lighting as needed, avoiding waste, and reducing energy consumption. Following the installation of the signage, lighting usage has been further managed, energy waste has been reduced, and this has helped all employee at headquarters develop habits of energy conservation and reduced consumption.



## Resource Management

Against the backdrop of a new swiftly evolving landscape of global climate governance, Kingfar Property has incorporated climate resilience construction into the core of its corporate strategy, and by building an environmental governance system for the entire value chain, it has promoted a deep transformation of its operating model towards climate adaptability. The Company has established a three-dimensional climate governance mechanism covering risk identification, quantitative assessment, and emergency response, and has deeply integrated extreme weather event response plans into infrastructure operation and maintenance standards.

In terms of energy planning, a number of measures have been formulated during operations to improve energy efficiency and reduce water consumption, including (i) replacing energy-saving lamps; (ii) posting signs and posters in public areas to remind employees and enhance their awareness of water conservation; (iii) encouraging employees to reduce electricity and water consumption; (iv) promoting a paperless working environment; and (v) inspecting office premises to ensure that the power supply in the office premises is turned off after work hours. Environmental protection factors are taken into consideration during training, and the following specific measures are taken:

- (1) Electronic first, paperless learning: More than 90% of training materials are provided in electronic form, reducing paper consumption. Cloud sharing: Training Tool 91pxb.com (培训寶) and Cloud Academy YXT.com (雲學堂) are used to distribute materials and avoid duplicate printing. Mobile adaptation: The information can be read on mobile phones, tablets and other devices, making it convenient for students to access it anytime and anywhere.
- (2) Use of sustainable materials: FSC certified paper: For printing, we only use paper from sustainable sources that is certified by the Forest Stewardship Council (FSC). Environmentally friendly printing technology: we use soybean ink, double-sided printing and streamlined binding design to reduce ink pollution and resource waste. Reuse mechanism: we provide read-write notebooks or encourage students to recycle old folders to store information.
- (3) Environmental orientation of content design: Digital interactive tools: Online quizzes and virtual case analysis are employed to replace traditional paper exercise books. Incorporate environmental protection themes: Sustainable development content are incorporated to course case studies to subtly convey environmental protection concepts.
- (4) Resource conservation and recycling: We print paper materials strictly according to the number of students to avoid excessive inventory. We mark recycling classification guidelines at the end of the materials and set up a unified recycling point after the course ends. The Company evaluates the environmental performance of its training materials every year and plans to further optimize its products by phasing out plastic envelopes and exploring packaging using recycled materials.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Energy Management

Kingfar Property abides by relevant laws, regulations and industry regulations on energy conservation and environmental protection. According to the characteristics of the Company, which stipulates the methods and approaches for the identification and evaluation of environmental factors of Kingfar Property, so as to ensure that environmental factors are systematically identified, evaluated and controlled.

Each project of Kingfar Property implements energy-saving and consumption-reduction measures in daily operations, as follows:

Energy-saving Measures	Specific Actions
<b>Lighting facility renovation</b>	The lighting sources in public areas have been transformed from the original incandescent lamps to energy-saving lamps. The lighting in public places such as public corridors, public toilets, civil air defense passages has been transformed from switch-type control to human body sensing and voice-controlled control to reduce public electricity loss; public lighting in the underground parking garage has been upgraded to IoT-enabled fixtures to reduce energy consumption in the garage.
<b>Elevator Energy-Efficiency Retrofits</b>	Installing energy-saving devices in elevators allows regenerated electricity to be fed directly back into the grid, reducing reliance on the grid while improving power quality. For general commercial and industrial buildings, installing meters helps optimize electricity usage patterns and reduce operating costs.
<b>Energy saving and consumption reduction control</b>	All employees should cultivate energy-saving awareness, eliminate waste, make saving energy and reducing material consumption a work priority, implement a facility and equipment inspection mechanism, and a public pipeline network regular inspection mechanism to prevent leakage and reduce energy consumption.
<b>Intelligent Equipment Management</b>	The relevant projects realize instant notification and control on PC and WeChat Mini Program (微信小程序) through real-time monitoring of core equipment operation, data analysis, and result feedback. They also issue early warnings for equipment with abnormal operation, remind on-site personnel to check and handle faults in advance, adjust the post-management of property services to pre-management, reduce the failure rate of equipment operation, and achieve the goal of cost reduction.
<b>Participate in market electricity transactions</b>	In accordance with the relevant policy requirements of Shaanxi Province's electricity trading, general industrial and commercial and large industrial electricity consumption are included in electricity trading, and policy dividends are sought by purchasing electricity from power sales companies, reducing the basic electricity price and saving electricity cost expenditure.
<b>Optimizing electricity cost allocation</b>	Optimize the allocation ratios for electricity costs in residential projects, transition to a precise metering model, and provide guidance on the calculation of commercial electricity costs to ensure that compensation for losses is properly allocated.

## Water Consumption of Kingfar Property

Indicator	Consumption	Unit	Intensity	Unit
2025	729,736	m <sup>3</sup>	38,530.46	m <sup>3</sup> /million sq.m.
2024	721,711	m <sup>3</sup>	41,597.18	m <sup>3</sup> /million sq.m.
2023	683,042	m <sup>3</sup>	48,580.51	m <sup>3</sup> /million sq.m.

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## Waste emissions of Kingfar Property

Indicator		Unit	2025	2024
Hazardous waste produced and intensity	Total hazardous waste disposed of	kg	710	832
	Hazardous waste intensity	kg/million m <sup>2</sup>	37.5	48.0
Non-hazardous waste produced and intensity	Total non- hazardous waste disposed of	kg	7,842	6,111
	Non-hazardous waste intensity	kg/million m <sup>2</sup>	414.11	352.22

## Energy consumption of Kingfar Property

Indicator	Unit	2025	2024	2023
Gasoline	L	6,840.67	6,124.56	6,100.69
Diesel	L	3,267.33	377.96	605.42
Electricity	MWh	50,306.00	28,464.30	18,592.86
Comprehensive Energy Consumption	MWh	50,366.70	28,530.63	18,660.94

## Greenhouse gas emissions of Kingfar Property

Indicator	Unit	2025	2024	2023
Direct greenhouse gas emissions (Scope 1)	tCO <sub>2</sub>	24.70	15.5	16.0
Indirect greenhouse gas emissions (Scope 2)	tCO <sub>2</sub>	27,884.62	13,967.70	11,833.43
Total:	tCO <sub>2</sub>	27,909.31	13,988.23	11,849.43
Greenhouse Gas Emission Intensity	tCO <sub>2</sub> /million m <sup>2</sup> of managed area	1,473.63	806.24	842.34

## Exhaust emissions of Kingfar Property

Indicator	Unit	2025	2024	2023
Nitrogen oxides	Kg	90.65	78.35	75.90
Sulfur oxides	Kg	0.15	0.09	0.10
Particulate matter	kg	8.78	7.12	7.12

Notes:

1. The scope of environmental information collected during the year includes the office areas of the headquarters and subordinate companies of the Company;
2. Total amount of non-hazardous waste includes construction debris and office paper;

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Total amount of hazardous waste includes toner cartridges, toner cartridges, batteries, face masks, and fluorescent tubes, etc.
- The emissions of nitrogen oxides, sulfur oxides and particulate matter are mainly from the gasoline and diesel consumed by the vehicles of the Company;
- The Company's greenhouse gas emissions are mainly from purchased electricity and vehicle fuel. Greenhouse gas emissions are presented in terms of carbon dioxide equivalent, and are calculated in accordance with the "Notice on the Release of the 2023 Carbon Dioxide Emission Factors for the Electricity Sector" (《關於發佈2023年電力二氧化碳排放因子的公告》) published by the Ministry of Ecology and Environment of the People's Republic of China.

## Climate Resilience and Risk Management

The Company has consistently complied with the relevant requirements of the state, province and city on establishing a dual prevention mechanism for safety production risk classification control and latent hazard investigation and management, and regularly organizes various projects to carry out safety classification control and latent hazard investigation and management work. During the risk identification process, the Company not only identified traditional hazard factors (such as mechanical energy, thermal energy, chemical energy, etc.) based on the "Classification and Code of Hazards and Harmful Factors in Production Processes" (GB/T 13861), but also combined the climate resilience perspective to include the potential impact of extreme weather events (such as heavy rain, high temperature, typhoons, etc.) on infrastructure, supply chain and employee safety into the risk assessment framework. For example, in response to climate-related physical risks (such as damage to the power system caused by floods and restrictions on equipment operating efficiency caused by high temperatures), the Company has optimized emergency plans and facility reinforcement plans through scenario simulation and vulnerability analysis to reduce the risk of business interruption and improve operational resilience.

After the identification process is completed, the Company classifies risks using the risk matrix method (LS method) and the work environment hazard analysis method (LEC method), in accordance with the relevant provisions of the "Hazard Identification and Evaluation Management System". For risks of different levels, the Company implements a variety of control measures tailored to actual conditions to gradually reduce risks and ensure they are brought down to an acceptable level. After each round of hazard identification and risk assessment, the Company prepares a safety risk classification and control responsibility list and a list of control measures that include all risk points and relevant risk information, and updates them in a timely manner in accordance with regulations.

序號	危害源/事件	可能發生的後果	暴露頻次	暴露程度	危害程度評估					風險等級					
					風險等級	風險等級	風險等級	風險等級	風險等級	風險等級	風險等級	風險等級			
1	設備故障	設備故障	高	高	高	高	高	高	高	高	高	高	高	高	高
2	人員操作	人員操作	中	中	中	中	中	中	中	中	中	中	中	中	中
3	環境因素	環境因素	低	低	低	低	低	低	低	低	低	低	低	低	低

In addition, the Company continues to track the implementation of climate change policies that may have a significant impact on its business operations, promptly analyzes possible future policy trends and deploys work in advance, and actively seeks opportunities for low-carbon transformation.

## Waste Management

The waste generated by Company offices generally includes waste paper, ink cartridges, toner cartridges, light bulbs, batteries, etc. Trash bins for segregated recycling are set up in the office area, and hazardous waste is collected and stored separately and handed over to qualified professional companies for disposal.

We also have a comprehensive waste management plan for the waste generated by the projects we manage. The waste generated by the projects, including recyclable waste, hazardous waste, green waste and decoration and construction waste, are segregated and processed by the Company and disposed of as required.

## TRANSPARENT COLLABORATION, SELECTING THE BEST OF THE BEST

Kingfar Property places a high priority on collaboration with and management of its suppliers. In order to further standardize the bidding process, Kingfar Property strictly abides by the provisions of the “Bidding Law of the People’s Republic of China”, “Interim Measures for the Management of Bidding for Pre-property Management”, “Measures for the Management of Tendering for Government Procurement of Goods and Services”, “Government Procurement Law of the People’s Republic of China”, and “Regulations for the Implementation of the Government Procurement Law of the People’s Republic of China”, and has formulated “Procurement Management Measures”, “Bidding Management Measures”, “Procurement Evaluation Expert Management Measures”, “Supplier Management Measures”, etc.

### Supplier Screening and Management

Kingfar Property adheres to the principles of open, transparent and fair procurement and selection, and is committed to building a healthy and complete supplier management system. Since 2025, in order to further standardize the Company’s bidding processes, Kingfar Property has formulated the “Procurement Management System” (Xijingwu Fa [2025] No. 51), the “Kingfar Property Procurement Workflow” (Xijingwu Fa [2025] No. 63), the “Kingfar Property Procurement Bid Evaluation Expert Management Measures” (Xijingwufa [2025] No. 64), and the “Kingfar Property Supplier Management Measures” (Xijingwufa [2025] No. 72), thereby further refining the company’s supplier management system at the institutional level.

### Main Measures for the Management of Kingfar Property’s Suppliers

<b>Management Principles</b>	In accordance with the principles of transparency, risk control, and dynamic management, we establish a list of qualified suppliers (qualified/unqualified) and implement classification, grading, and dynamic adjustments, while clearly defining the rules for the admission and removal of strategic, contracted, specific, and temporary suppliers.
<b>Eligibility Review</b>	This includes a comprehensive review of suppliers’ business qualifications, track record, reputation, technical and service capabilities, delivery capabilities, and product quality, as well as the establishment of supplier file management (covering basic qualifications, collaboration history, and significant events). The “management level” assessment criteria include environmental management systems and the fulfillment of social responsibilities.
<b>Environmental and Social Responsibility</b>	Incorporate “management standards” into the assessment of environmental management systems and social responsibility compliance; use standard criteria such as “price, quality, delivery, service, technical capability, and management standards” in supplier evaluations.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Supplier Qualification

Required pre-qualification (business license, qualifications, agency authorization, product certification, etc.) and evaluation (interviews/on-site visits/other methods). The evaluation panel shall consist of an odd number of three or more members (from the Procurement and Supply Department, the relevant business department, and the expert pool). Upon passing the evaluation and receiving a satisfactory performance evaluation for one contract cycle, the Procurement and Supply Department shall submit the recommendation to the supervising manager and the General Manager for approval, after which the supplier will be included in the list of qualified suppliers and assigned a grade. Suppliers introduced through the Company's formal bidding process may be exempted from repeated evaluations and included directly.

### Evaluation and Exit

Evaluations are categorized as periodic (annual/semiannual), routine, special, and on-site. Suppliers are assessed based on the following criteria: "price, quality, delivery, service, technical capability, and management level", and are subsequently rated, prioritized for contracts, or removed from the list accordingly. Suppliers shall be removed from the list under circumstances such as failing to participate in bidding within one year, failing to win a bid three consecutive times and lacking competitiveness, or having no cooperation record for two years; those who cross "red lines/bottom lines" (such as severe delays, quality and safety incidents, or fraud) shall be placed on the list of non-compliant suppliers and the withdrawal process shall be initiated.

Kingfar Property has further refined its supply chain management mechanisms by establishing clear standard for classifying and grading suppliers. Suppliers are categorized into four types based on the nature of their work: engineering (such as building security), labor services (such as security and customer service), daily procurement, and consulting. At the same time, the Company has further enhanced its internal policies, further supplemented its supplier selection methods, and formulated a number of related systems such as supplier management. We continue to work hard to improve supply chain management and continuously enhance selection criteria and execution efforts to ensure close collaboration with suppliers and jointly promote sustainable development goals. This commitment aims to build a healthier, fairer and more sustainable supply chain system and create a more favorable environment for the common development of the Company and its suppliers.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of 31 December 2025, Kingfar Property had a total of 209 suppliers, 174 of which were located in the Northwest region, which is where the Company's primary suppliers are based.

Type	Unit	2025	2024
<b>Distribution of suppliers by geographical region</b>			
North China (Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia Autonomous Region)	unit	7	
Northeast China (Heilongjiang, Jilin, Liaoning)	unit		
Northwest Region (Shaanxi Province, Gansu Province, Qinghai Province, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region)	unit	174	150
Eastern China (Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, and Shandong)	unit	8	
Central China (Henan, Hubei, and Hunan provinces)	unit	1	2
Southern China (Guangdong Province, Guangxi Zhuang Autonomous Region, Hainan Province)	unit	5	2
Southwest Region (Sichuan Province, Guizhou Province, Yunnan Province, Chongqing Municipality, and the Tibet Autonomous Region)	unit	3	
Hong Kong, Macau, and Taiwan	unit	11	1
Overseas	unit		
<b>Total</b>	<b>unit</b>	<b>209</b>	<b>155</b>
<b>Supplier Service Type Classification</b>			
Suppliers of materials and equipment	unit	64	73
Service Providers	unit	145	82
<b>Total</b>	<b>unit</b>	<b>209</b>	<b>155</b>
<b>Supplier Violations and Handling Methods</b>			
Cases of suppliers violating Group regulations during the year	Case number	0	0

## Supplier Information Security

Kingfar Property attaches great importance to information security protection. For example, when selecting suppliers, we specifically require suppliers to have relevant certification qualifications regarding information security and user privacy; sign customer privacy protection agreements with suppliers involving customer information; set system access permissions; and conduct information security training before the information system goes online. In accordance with the requirements of national laws and regulations, we carry out graded protection filing work for various information systems. When selecting a supplier, we require the supplier to issue a software authenticity statement.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Communication with Suppliers

Kingfar Property regularly organizes communication meetings with suppliers to discuss common problems in the service process, conducts case analysis for suppliers with outstanding performance and those with room for improvement, and provides learning and improvement directions for all parties. During the interactive session, suppliers have actively asked questions, shared their own experiences and difficulties, and jointly discussed solutions, laying a solid foundation for closer and more efficient cooperation in the future.

## INTEGRITY IN OPERATIONS, STANDARDIZED GOVERNANCE

The Company is committed to carrying out efficient governance, strictly abiding by the relevant provisions of the Listing Rules of Hong Kong Stock Exchange, establishing and improving the corporate governance structure, continuously improving the construction of clean government, establishing reporting channels and whistleblower protection system, and effectively protecting the company's independent legal status. The Company strictly follows the requirements of the "Company Law of the People's Republic of China", "Securities Law of the People's Republic of China" and other relevant laws and regulations to standardize its operations and improve its corporate governance structure.

## Risk Management and Audit

To promptly identify and address the risks faced by Xingfar Property, in 2025, the Company revised its "Risk Management Measures", establishing the basic principles of "grounded in reality, focused on effectiveness, prevention-oriented, and overall controllable", which apply to the Company and all its subsidiaries. Accordingly, the Company established a risk management leadership team to serve as the organizational management body, clarified the responsibilities of the General Manager, the Audit and Legal Department, subsidiaries, and regional managers in risk management, and established a "three-line defense" system for risk management. The regulations classify corporate risks into six major categories: strategic risk, financial risk, market risk, operational risk, compliance risk, and legal risk. They outline risk management procedures, including risk identification, analysis, assessment, response, and resolution, as well as risk management mechanisms such as internal controls, information communication, internal oversight, and performance evaluation. In addition, the Company's "Environmental Factors Identification and Management Measures" specify the methods and approaches for identifying and evaluating environmental factors to ensure that such factors are systematically identified, evaluated, and controlled; The "Hazard Identification Management Measures" define the terminology, management responsibilities, control requirements, and methods and approaches for risk assessment and control related to hazard identification within the Company, to ensure the identification, risk assessment, and control of hazards in all workplaces; The "Measures for the Management of Responses to Risks and Opportunities" stipulates management responsibilities, management requirements, and other related matters regarding responses to risks and opportunities.

To further strengthen internal audit work and establish a sound, comprehensive risk management system, In May and December 2025, the Company revised the "Internal Audit Management Measures of Xi'an Kingfar Property Services Co., Ltd." on two occasions to strengthen the management of internal audit work of Xi'an Kingfar Property Services Co., Ltd., establish and improve internal audit systems, enhance the quality of internal audit work, and leverage the role of internal audit in strengthening internal controls, preventing operational risks, promoting compliance management, and improving the Company's operational efficiency. In 2025, Kingfar Property conducted a total of nine audit projects in accordance with its annual audit plan, including 2 audits of financial revenue and expenditure compliance, 1 special audit of large-scale bidding and procurement management, 1 special audit of business outsourcing, and 5 internal audits. The audit found no material control deficiencies, but identified 59 minor deficiencies. Of the 102 corrective actions identified in the previous period, 93 have been closed out and 12 are in progress.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Audit Item	Audit Content
Audit of financial revenue and expenditure compliance	Accuracy, legality, and compliance of financial revenues and expenditures; preservation and appreciation of state-owned assets; establishment, improvement, and implementation of internal control systems; decision-making situation on matters of “Three Major and One Large”; implementation of the “Eight-Point Decision of the Central Committee”; soundness and functioning of the corporate governance structure; compliance with financial standard operating procedures; compliance with bidding and tendering procedures; management of business outsourcing; oversight of workplace safety; compliance with labor and employment regulations; rectification of issues identified in previous audits; and other matters requiring audit.
Special audit of large-scale bidding and procurement management	Establishment of management systems and policies for tendering and procurement activities; compliance of tendering and procurement process procedures; standardization of documentation management for tendering and procurement projects; compliance with national laws and regulations on tendering and procurement, as well as the company’s management policies; and other matters requiring audit.
Special audit of business outsourcing	Compliance with business outsourcing contracts; qualifications of outsourcing providers; reasonableness of costs; service quality and performance; evaluation of business outsourcing contracts; management of business outsourcing.
Internal audits	Implementation of annual business objectives; status of accounts receivable collections; implementation of cost control measures; implementation of management systems; execution of bidding and tendering processes; management of business outsourcing; occupational safety and health management; personnel management; other matters requiring audit; status of corrective actions for issues identified in previous audits.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Building Integrity

Kingfar Property strictly abides by the “Criminal Law of the People’s Republic of China”, the “Criminal Procedure Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, the “Anti-Money Laundering Law of the People’s Republic of China”, the “Anti-Unfair Competition Law of the People’s Republic of China”, the “Bidding Law of the People’s Republic of China”, the “Interim Provisions on Prohibition of Commercial Bribery” and other laws and regulations. It strives to build a clean, transparent and healthy working environment. It remains committed to implementing the construction of an honest culture, and has a zero-tolerance attitude towards any form of corruption, bribery, extortion, fraud, and money laundering, and will impose disciplinary actions in accordance with the “Regulations of the Communist Party of China on Disciplinary Actions” and the “Regulations on Disciplinary Actions for State-Owned Enterprise Management Personnel”. The Company continuously refines its integrity policies in its operations. To standardize Kingfar Property’s anti-fraud and complaint reporting procedures, it has formulated and implemented the “Kingfar Property Anti-Fraud and Complaint Reporting Management Measures”. The Company investigates actions that violate laws, regulations, and professional ethics, takes appropriate measures to prevent and address fraudulent activities, and handles complaints, reports, and feedback regarding employees, services, and business operations, and suggestions regarding employees, services, and business operations, thereby to ensure that the Company’s business activities are legal, honest and transparent. Kingfar Property also calls on employees to be honest, trustworthy, self-disciplined, stand their ground and implement integrity education to jointly create an honest working atmosphere.

The General Party Branch of Kingfar Property strictly implemented the work requirements set by higher authorities, conducted two specialized training sessions throughout the year, identified 48 risk points across 22 key areas, and formulated 66 preventive measures. The Company conducted two rounds of special supervision and guidance for 10 subordinate Party branches, carried out three inspections of work conduct and discipline during holidays, and conducted five special supervisory inspections in key areas, all of which were successfully resolved. The Company coordinated the efforts of the Commission for Discipline Inspection to complete the cross-evaluation of model Party member posts and advance special campaigns targeting misconduct and corruption affecting the public, as well as prominent issues in bidding and tendering. Throughout the year, the Company conducted pre-appointment integrity education, interviews, and examinations for 8 individuals, as well as pre-appointment integrity assessments for 8 individuals, thereby establishing a comprehensive oversight system and strengthening the defense against corruption and promoting self-discipline.

To ensure that integrity education is effectively implemented, the General Party Branch of Kingfar Property organized 79 Party members and cadres, including members of the leadership team, middle management, and leadership teams of subsidiaries, to sign a pledge of integrity in professional conduct. In addition, ahead of major holidays such as the Spring Festival, May 1 and National Day, the Party General Branch of Kingfar Property organized arrangement and deployment meetings in relation to work style and discipline ahead of holidays. It carried out pre-holiday integrity reminders by posting posters and sending emails, taking multiple measures to strengthen the “integrity barrier” during the holidays.



## Highlights of the Year

### Anti-Corruption Training and Warning Education

On 12 June 2025, members of the Company's board of directors attended the warning education session and special Party lecture organized by the Party Committee of Kingfar Holdings (Kingfar Group). The meeting thoroughly studied and implemented General Secretary Xi Jinping's important discourses and directives on strengthening the Party's conduct, conveyed the spirit of relevant Central Committee circulars, reported on the Group's investigation and handling of typical cases involving violations of the Central Committee's Eight-Point Decision and its implementing rules, and screened the educational film "Unrepentant Greed, The Struggle to Rectify Work Style Continues". It thoroughly studied and implemented General Secretary Xi Jinping's important discourses and directives on strengthening the Party's work style, earnestly carried out educational activities to deeply implement the spirit of the Central Committee's Eight Provisions, conducted in-depth analyses of typical cases, and leveraged their warning and deterrent effects.



### Integrity Promotion

On 4 September 2025, the General Party Branch of Kingfar Property organized a group of more than 20 people, including members of the Company's leadership team, secretaries of various Party branches, mid-level managers, and Party member representatives, to visit the Lianhu District People's Court. There, they observed the trial of a case involving a state-owned enterprise employee suspected of embezzlement and bribery, thereby fully leveraging the warning educational role of using actual cases to clarify Party discipline, interpret the law, and promote governance; On 6 November morning, the General Party Branch of Kingfar Property organized a group of over 60 people, including members of the company's leadership team, secretaries of various Party branches, mid-level managers, Party member representatives, and personnel in key positions, to visit the Xi'an Weiyang District People's Court to observe the trial of a bribery case firsthand, receiving an immersive lesson in disciplinary education. By experiencing the authority of the judiciary up close and gaining an immersive understanding of the consequences of disciplinary and legal violations, all participants further strengthened their ideological and moral defenses against corruption and moral decay.

The General Party Branch of Kingfar Property focused on the widespread and persistent issues of misconduct and corruption affecting the public. By visiting various departments and project sites, the branch accurately captured frontline service scenarios and deeply explored the core essence of the "integrity culture", resulting in the creation of the short video "A Breeze of Integrity Upholds Righteousness, Integrity Reflects Our Original Aspirations". Through a series of vivid and lifelike service scenarios, the video vividly portrays the dedicated spirit of Party members and employees who take integrity as a source of pride, achieve results through integrity, and diligently fulfill their duties. It weaves together a moving narrative of property management

professionals who uphold integrity in their work and take on responsibilities with commitment, and was awarded first prize in the "Integrity Culture" Micro-video Competition, the "Baihualinjing Cup", organized by the Discipline Inspection Commission of Kingfar Holding (Group). In addition, the Company fosters a strong culture of integrity at all times through measures such as displaying integrity-themed posters.



People's Court Observation

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### *Warning Education of Improper Gift Acceptance*

To further institutionalize the study and education on Party discipline, earnestly carry out a special campaign to rectify the improper acceptance and giving of gifts and cash, resolutely curb the unhealthy practice of such activities, continuously strengthen the defenses of the Central Committee's Eight Provisions, further reinforce ideological safeguards, uphold the bottom line of integrity and discipline, and enhance the awareness of laws and discipline among all cadres and staff, in late March, the General Party Branch of Kingfar Property organized all Party branches to carry out a special warning education campaign on the risks of "improperly accepting gifts and cash". All Party branches responded enthusiastically, conducting in-depth study through various means to ensure the campaign achieves tangible results.

### *Warning Educational Session on the Consequences of Improper Use of Meal and Entertainment Subsidies*

To thoroughly implement the requirements for exercising strict Party self-governance in all respects, continuously strengthen the improvement of work conduct, and reinforce Party members' and officials' awareness of discipline and rules, the General Party Branch of Kingfar Property organized its 10 subordinate Party branches to hold special warning education meetings from 14 to 19 August, and carried out a targeted warning education campaign addressing issues related to improper meal and entertainment expenses and the unauthorized distribution of allowances and subsidies.

### *Warning Education of Tendering and Procurement Compliance*

To further enhance the standardization and normalization of the Company's tendering and procurement operations, effectively mitigate integrity risks, strengthen compliance safeguards, and steadily advance the systematic rectification of prominent issues in the bidding and procurement sector, the General Party Branch of Kingfar Property organized a training session on compliance management for bidding and procurement, as well as a warning educational meeting on the bidding and procurement sector, on 21 November.

## Handling of Complaints and Whistleblowing

Kingfar Property has established various channels for corruption reporting, including hotlines, e-mails, whistleblowing letters, and physical visits to report. Multiple reporting channels ensure that the channels are unobstructed, and corruption reporting information signs are regularly placed at meetings or events to ensure that employees at all business operations sites in the entire system and external stakeholders (such as suppliers) are aware of the complaint methods and channels. At the same time, the Company strictly keeps the personal information of the reporter confidential.

## Protection of Intellectual Property Rights

Kingfar Property pays close attention to the protection of intellectual property rights and always abides by the "Advertising Law of the People's Republic of China", the "Trademark Law of the People's Republic of China", "the Patent Law of the People's Republic of China", the "Copyright Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's Republic of China", the "Anti-Monopoly Law of the People's Republic of China and other laws and regulations". In its operations, the Company always keeps in mind the awareness of protecting property rights and implements normalized management. While protecting its own intellectual property rights, it respects the rights and interests of others and strictly prohibits infringements.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## COMMITTED TO PUBLIC WELFARE, SPREADING WARMTH

### Charity events

Kingfar Property actively fulfills its social responsibilities by implementing consumption-based poverty alleviation initiatives to consolidate and expand the achievements of the poverty alleviation campaign. These efforts help increase the income of formerly impoverished populations, promote the development of distinctive local industries in poverty-stricken areas, and stimulate the internal motivation of local communities. As a social force, the Company participates in the rural revitalization strategy and contributes to sustainable development. During the Spring Festival in 2025, the Xi'an Kingfar Property Trade Union Committee actively purchased poverty-alleviation products in a total amount of RMB929,934.00.

Kingfar Property is committed to safeguarding the rights of vulnerable groups, including children and women. On 26 May 2025, the General Party Branch of Kingfar Property issued a notice regarding the "Implementation Plan for the Donation Drive at the Xi'an Children's Welfare Home", organizing Party members and employees to visit the Xi'an Children's Welfare Home to carry out the public welfare campaign titled "I do practical things for the people and truly care for children", providing much-needed assistance to children in need.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Highlights of the Year

### Themed Volunteer Activity

On 5 March 2025, the General Party Branch of Kingfar Property organized a volunteer service activity themed “Carrying Forward the Spirit of Lei Feng, Striving to Be Pioneers of Our Times, and Building a Better Home Together” in the Wenjing East District, thoroughly implementing General Secretary Xi Jinping’s important instructions on carrying out activities to learn from Lei Feng. The event encompassed six major activities: community cleanup, safety awareness campaigns, free medical clinics, haircuts, knife sharpening, and home visits to extend condolences. In total, over 100 volunteers, including Party members, activists, and representatives from the trade union and the Communist Youth League, were mobilized to participate. A health consultation booth was set up on-site to provide residents with blood pressure checks and guidance

on disease prevention, as well as to distribute health handbooks. At the same time, services such as home cleaning, shopping, and bill payment assistance were provided to senior citizens, effectively bringing volunteer services directly to the community and fostering a warm and supportive atmosphere of mutual aid and friendship.



### Care and Support Activity at the Children’s Welfare Home

On 29 May morning, the General Party Branch of Kingfar Property organized over 10 Party members to visit the Xi’an Children’s Welfare Home to carry out a care and support activity themed “Warming Children’s Hearts, Nurturing Their Growth Together”, providing daily necessities to children in need.



### “Warm Companionship on the Double Ninth Festival” Double Ninth Festival Volunteer Service Activity

On 29 October, the General Party Branch of Kingfar Property organized its subordinate Party Branches to carry out a series of Double Ninth Festival activities under the theme of “Warm Companionship on the Double Ninth Festival” across various residential communities. Through activities such as home visits, providing psychological care, and inspecting indoor electrical circuits, the initiative brought health protection, convenient services, and cultural care to residents’ doorsteps, allowing elderly homeowners to enjoy a warm and meaningful festival through heartfelt interactions.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Appendix: Content Index to ESG Reporting Code

Subject Area	Issue Aspect	Performance Indicator	Implementation Status
Environment	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.	Energy Conservation with Emission Reduction, Green Development
		A1.1: The types of emissions and respective emissions data.	Energy Conservation with Emission Reduction, Green Development
		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).	Energy Conservation with Emission Reduction, Green Development
		A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Conservation with Emission Reduction, Green Development
		A1.5: Description of emission target(s) set and steps taken to achieve them.	Energy Conservation with Emission Reduction, Green Development
		A1.6: Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target (s) set and steps taken to achieve them.	Energy Conservation with Emission Reduction, Green Development

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Implementation Status
	<b>A2 Use of Resources</b>	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Conservation with Emission Reduction, Green Development
		A2.1: Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Conservation with Emission Reduction, Green Development
		A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Energy Conservation with Emission Reduction, Green Development
		A2.3: Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Conservation with Emission Reduction, Green Development
		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.	Energy Conservation with Emission Reduction, Green Development
		A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Company's business
	<b>A3 The Environment and Natural Resources</b>	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Energy Conservation with Emission Reduction, Green Development
		A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Energy Conservation with Emission Reduction, Green Development
	<b>A4 Climate Change</b>	General Disclosure: Deleted on 1 January 2025.	
A4.1: Deleted on 1 January 2025.			

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Implementation Status
Society	B1 Employment	General Disclosure: Information on:  (a) the policies; and  (b) compliance with relevant laws and regulations that have a significant impact on the listing company  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-Oriented, Caring for Employees
		B1.1: Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	People-Oriented, Caring for Employees
		B1.2: Employee turnover rate by gender, age group and geographical region.	People-Oriented, Caring for Employees
	B2 Health and Safety of Employees	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.	People-Oriented, Caring for Employees
		B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	People-Oriented, Caring for Employees
		B2.2: Lost days due to work injury.	People-Oriented, Caring for Employees
		B2.3: Description of occupational health and safety measures adopted, and how they are implemented and monitored.	People-Oriented, Caring for Employees
	B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	People-Oriented, Caring for Employees
		B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	People-Oriented, Caring for Employees
		B3.2: The average training hours completed per employee by gender and employee category.	People-Oriented, Caring for Employees

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Implementation Status
	<b>B4 Labor Standards</b>	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 child and forced labor.	People-Oriented, Caring for Employees
		B4.1: Description of measures to review employment practices to avoid child and forced labor.	People-Oriented, Caring for Employees
		B4.2: Description of steps taken to eliminate such practices when discovered.	People-Oriented, Caring for Employees
	<b>B5 Supply Chain Management</b>	General Disclosure: Policies on managing environmental and social risks of the supply chain.	Shine through Transparency and Win-win Cooperation
		B5.1: Number of suppliers by geographical region.	Shine through Transparency and Win-win Cooperation
		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.	Shine through Transparency and Win-win Cooperation
		B5.3: Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Shine through Transparency and Win-win Cooperation
		B5.4: Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Shine through Transparency and Win-win Cooperation

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Implementation Status
	<b>B6 Product Responsibility</b>	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.	Quality Service, Customer First Integrity in Operations, Standardized Governance
		B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Company's business
		B6.2: Number of products and service-related complaints received and how they are dealt with.	Quality Service, Customer First
		B6.3: Description of practices relating to observing and protecting intellectual property rights.	Integrity in Operations, Standardized Governance
		B6.4: Description of quality assurance process and recall procedures.	Not applicable to the Company's business
		B6.5: Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Integrity in Operations, Standardized Governance
	<b>B7 Anti-Corruption</b>	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 bribery, extortion, fraud and money laundering.	Integrity in Operations, Standardized Governance
		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.	Integrity in Operations, Standardized Governance
		B7.2: Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Integrity in Operations, Standardized Governance
		B7.3: Description of anti-corruption training provided to directors and staff.	Integrity in Operations, Standardized Governance

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Implementation Status
	<b>B8 Community Investment</b>	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Committed to Public Welfare, Spreading Warmth
		B8.1: Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Committed to Public Welfare, Spreading Warmth
		B8.2: Resources contributed (e.g. money or time) to the focus area.	Committed to Public Welfare, Spreading Warmth

# INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited  
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告士打道311號  
皇室大廈安達人壽大樓17樓

**To the shareholders of Xi'an Kingfar Property Services Co., Ltd.**  
*(Incorporated in People's Republic of China ("PRC") with limited liability)*

## OPINION

We have audited the consolidated financial statements of Xi'an Kingfar Property Services Co., Ltd. ("the Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 130 to 184, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of 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 MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

## KEY AUDIT MATTER – continued

### Expected credit loss allowance for trade receivables

Refer to Notes 16 and 26 to the consolidated financial statements and the accounting policies in Note 2(j).

#### The Key Audit Matter

We have identified provision of the ECL for trade receivables as a key audit matter because the gross carrying amount of trade receivables and a loss allowance for expected credit losses (ECLs) were RMB332.98 million and RMB25.57 million, respectively, is significant to the consolidated financial statements and the provision of ECL involves significant judgements and estimates.

The Group measures the ECL allowance for trade receivables at an amount equal to lifetime ECL based on the loss patterns for different customers grouped according to the shared credit risk characteristics, ageing of trade receivables, and historical collection experience.

#### How the matter was addressed in our audit

Our procedures in relation to assessment of ECL of trade receivables included:

- Testing the integrity of information used by management to develop the provision matrix, including trade receivables aging analysis as at 31 December 2025, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices and other supporting documents;
- Evaluating the Group's policy for estimating the ECL allowance according to the applicable accounting standards;
- Obtaining an understanding on the key data and assumptions of the ECL model adopted by management, including the basis of segmentation of trade receivables and management's estimation of loss rate; and
- Examining the information used by management to derive such estimates, including assessing whether items in the trade receivables ageing report were categorised in the appropriate time band by comparing with the demand notes, invoices and other relevant underlying documentation, on a sample basis.

## OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 26 March 2025.

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

The directors of the Company are responsible for the other information. The other information comprises all 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.



# INDEPENDENT AUDITOR'S REPORT

## RESPONSIBILITIES OF THE DIRECTORS OF THE COMPANY AND AUDIT COMMITTEE 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 IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors of the Company 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS – continued

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with audit committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matter. 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 Lau Kai Wong.

**SHINEWING (HK) CPA Limited**  
*Certified Public Accountants*

**Lau Kai Wong**  
Practising Certificate Number: P06623

Hong Kong  
25 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>1,049,218</b>	951,527
Cost of sales		<b>(886,978)</b>	(808,307)
<b>Gross profit</b>		<b>162,240</b>	143,220
Other net gains	5	<b>7,479</b>	8,531
Administrative and other expenses		<b>(72,808)</b>	(65,093)
Research and development costs		<b>(2,103)</b>	(469)
Impairment loss on trade and other receivables		<b>(9,947)</b>	(11,364)
<b>Profit from operations</b>		<b>84,861</b>	74,825
Finance costs	6(a)	<b>(1,268)</b>	(443)
<b>Profit before tax</b>		<b>83,593</b>	74,382
Income tax expenses	7	<b>(17,405)</b>	(13,290)
<b>Profit and total comprehensive income for the year</b>		<b>66,188</b>	61,092
<b>Attributable to:</b>			
Equity shareholder of the Company		<b>63,948</b>	59,031
Non-controlling interests		<b>2,240</b>	2,061
<b>Profit and total comprehensive income for the year</b>		<b>66,188</b>	61,092
<b>Earnings per share</b>	10		
Basic and diluted (RMB cents)		<b>0.96</b>	1.01

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>			
Investment property and other plant and equipment	11	105,771	95,847
Intangible assets	12	7,107	7,465
Goodwill	13	1,769	1,769
Non-current prepayment	17	2,315	–
Deferred tax assets	22	15,409	13,059
		<b>132,371</b>	118,140
<b>Current assets</b>			
Inventories	15	255	330
Trade and other receivables	16	386,055	252,674
Prepayments	17	7,840	8,631
Cash at bank and on hand	18	445,515	426,892
		<b>839,665</b>	688,527
<b>Current liabilities</b>			
Trade and other payables	19	587,637	497,081
Contract liabilities	20	48,421	37,312
Lease liabilities	21	1,366	1,205
Tax payables		2,226	4,433
		<b>639,650</b>	540,031
<b>Net current assets</b>		<b>200,015</b>	148,496
<b>Total assets less current liabilities</b>		<b>332,386</b>	266,636
<b>Non-current liabilities</b>			
Long-term payables	23	2,603	2,603
Deferred income	24	743	909
Lease liabilities	21	762	81
		<b>4,108</b>	3,593
<b>NET ASSETS</b>		<b>328,278</b>	263,043
<b>CAPITAL AND RESERVES</b>			
Share capital	25	66,667	66,667
Reserves		253,293	189,333
<b>Total equity attributable to equity shareholders of the Company</b>		<b>319,960</b>	256,000
<b>Non-controlling interests</b>		<b>8,318</b>	7,043
<b>TOTAL EQUITY</b>		<b>328,278</b>	263,043

The consolidated financial statements on pages 130 to 184 were approved and authorised for issue by the Board of Directors on 25 March 2026 and are signed on its behalf by:

**Wu Suozheng**  
Director

**Xu Fei**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity shareholders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 25(b))	Capital reserve RMB'000 (Note 25(b))	Statutory reserve RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000		
<b>At 1 January 2025</b>	66,667	63,397	10,545	115,391	256,000	7,043	263,043
<b>Profit and total comprehensive income for the year</b>	-	-	-	63,948	63,948	2,240	66,188
Appropriation to reserves	-	-	3,251	(3,251)	-	-	-
Acquisition of non-controlling interests	-	12	-	-	12	(965)	(953)
<b>At 31 December 2025</b>	66,667	63,409	13,796	176,088	319,960	8,318	328,278

	Attributable to equity shareholders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 25(b))	Capital reserve RMB'000 (Note 25(b))	Statutory reserve RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000		
<b>At 1 January 2024</b>	50,000	77	6,986	59,919	116,982	4,982	121,964
<b>Profit and total comprehensive income for the year</b>	-	-	-	59,031	59,031	2,061	61,092
Appropriation to reserves	-	-	3,559	(3,559)	-	-	-
Issuance of shares by initial public offering	16,667	63,320	-	-	79,987	-	79,987
<b>At 31 December 2024</b>	66,667	63,397	10,545	115,391	256,000	7,043	263,043

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		83,593	74,382
Adjustments for:			
Depreciation		12,750	11,891
Amortisation cost of intangible assets		1,673	1,482
Impairment losses on trade and other receivables		9,947	11,364
Loss on disposal of other plant and equipment		103	15
Interest on lease liabilities		97	63
Amortisation of deferred income		(171)	–
Interest income		(990)	(1,214)
<b>Operating cash flows before movements in working capital</b>			
Decrease (increase) in restricted cash at bank		2,344	(1,310)
Increase in trade and other receivables		(143,328)	(19,948)
Increase in prepayments		(1,524)	(533)
Decrease in inventories		75	510
Increase in trade and other payables		85,178	70,649
Increase (decrease) in contract liabilities		11,109	(1,665)
<b>Cash generated from operations</b>			
Income tax paid		(21,962)	(13,732)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>38,894</b>	<b>131,954</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from disposal of other plant and equipment		58	151
Payment for purchase of other plant and equipment		(14,249)	(16,407)
Payment for acquisition of properties		–	(4,752)
Payment for acquisition of intangible assets		(1,315)	–
Government subsidiary received		5	–
Interest received		990	1,214
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(14,511)</b>	<b>(19,794)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares by initial public offering		–	110,211
Listing expense paid		(860)	(16,483)
Acquisition of subsidiaries under common control	27(b)	–	(37,846)
Acquisition of non-controlling interests	14	(953)	–
Interest element of lease rentals paid	18(b)	(97)	(63)
Capital element of lease rentals paid	18(b)	(1,506)	(875)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(3,416)</b>	<b>54,944</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>20,967</b>	<b>167,104</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>424,534</b>	<b>257,430</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>445,501</b>	<b>424,534</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1 CORPORATE INFORMATION

Xi'an Kingfar Property Services Co., Ltd. (the "Company") was established in the People's Republic of China (the "PRC") on 5 December 2000 as a limited liability company under the Company Law of the PRC and converted into a joint stock company with limited liability on 29 December 2020. The immediate parent and ultimate controlling party of the Company are Xi'an Kingfar Group Co., Ltd. and Xi'an Kingfar Holdings (Group) Co., Ltd. respectively. The address of the Company's registered office is Room 10701, Unit 1, Building 3, Xi'an Financial Innovation Center, No. 51 Fengcheng Second Road, Economic and Technological Development Zone, Xi'an, Shanxi, PRC. The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 3 July 2024.

The Company and its subsidiaries (together, the "Group") are principally engaged in the provision of city services, residential property management services and commercial property management services in the PRC.

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Statement of compliance

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

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

### (b) Basis of preparation of consolidated financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (c) Application of amendments to IFRS Accounting Standards

#### (i) Amendments to IFRS Accounting Standards that are effective for the current accounting period

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

Amendments to IAS 21	<i>Lack of Exchangeability</i>
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The application of the amendments to IFRS Accounting Standards in the current year has had no material impact 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.

#### (ii) New and amendments to IFRS Accounting Standards issued but not yet effective

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

IFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>1</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined

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

#### *Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments*

The amendments include requirements on classification of financial assets with environmental, social or governance targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature. The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The directors of the Company are currently assessing the impact of these amendments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (c) Application of amendments to IFRS Accounting Standards – continued

#### (ii) *New and amendments to IFRS Accounting Standards issued but not yet effective – continued*

##### *IFRS 18 – Presentation and Disclosure in Financial Statements*

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 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 IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made. IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of IFRS 18 on the consolidated financial statements of the Group.

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

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

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

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

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

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

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (e) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(j)).

### (f) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses (see Note 2(j)). Rental income from investment properties is accounted for as described in Note 2(t)(ii)(a).

Depreciation is calculated to write off the cost of the investment property, less a residual value, if any, using the straight-line method over its estimated useful life.

### (g) Property, plant and equipment

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

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

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

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

- |   |            |
|---|------------|
| – Investment property                               | 40 years   |
| – Ownership interests in buildings held for own use | 40 years   |
| – Machinery and equipment                           | 5–10 years |
| – Vehicles  | 8 years    |
| – Right-of-use assets                               | 2–5 years  |
| – Leasehold improvements                            | 2 years    |

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(j)).

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

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

– Software	5–10 years
– Intellectual property	10 years

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

### (i) Leased assets

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

#### (i) As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (i) Leased assets – continued

#### (i) *As a lessee – continued*

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(g) and 2(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(t)(ii)(c)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

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

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

#### (ii) *As a lessor*

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (j) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost. The amount of ECL 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. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and forward looking information that is available without undue cost or effort.

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.

#### *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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

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;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (j) Credit losses and impairment of assets – continued

#### (i) Credit losses from financial instruments and lease receivables – continued

##### *Significant increase in credit risk – continued*

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 30 days 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 fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

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

##### *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.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (j) Credit losses and impairment of assets – continued

#### (i) Credit losses from financial instruments and lease receivables – continued

##### *Credit-impaired financial assets*

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### *Write-off policy*

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

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

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

At each reporting date, the Group reviews the carrying amounts of its non-current assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (j) Credit losses and impairment of assets – continued

#### (ii) Impairment of other non-current assets – continued

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

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

### (k) Inventories

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

Inventories are carried at the lower of cost and net realisable value as follows:

Cost is calculated using the specific identification method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (l) Contract liabilities

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

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

### (m) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

### (n) Cash and cash equivalents

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (o) Trade and other payables

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

### (p) Employee benefits

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

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

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

#### (ii) *Termination benefits*

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

### (q) Income tax

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

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

Deferred income tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that 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.

Deferred income tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (q) Income tax – continued

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies *IAS 12 Income Taxes* requirements to right-of-use assets and lease liabilities 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 income tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred income tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred income tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### (r) Investments in subsidiaries

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

### (s) Provisions and contingent liabilities

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

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)(ii)).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (t) Revenue and other income

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

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

#### (i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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

##### (a) City services

City services represent services to local governments, government agencies and public authorities to improve the local environment and local residents' living experience, which include municipal management services, public property management services and municipal value-added services.

Municipal management services mainly include cleaning and maintenance services to public facility and infrastructure, municipal waste collection services and household garbage collection services to residential communities and enterprises. Revenue from the provision of municipal management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Public property management services mainly include cleaning, security as well as common area facility repair and maintenance services to public properties, such as government buildings, education institutes and hospitals. For property management services, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Accordingly, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers on a straight-line basis over the specified period.

Municipal value-added services mainly include commissioned administrative services, catering services and public parking management services. Revenue from value-added services is recognised over time or at a point of time when the relevant services are rendered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (t) Revenue and other income – continued

#### (i) Revenue from contracts with customers – continued

##### (b) Residential property management services

Under the residential property management services, the Group provide (a) basic residential property management services and (b) value-added services to property owners and residents, such as carpark space management services, resource management services and other customised services.

For basic residential property management services, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Accordingly, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers on a straight-line basis over the specified period.

Revenue from value-added services mainly includes carpark space management services and resource management services recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from value-added services also includes temporary parking service and other customised services such as house cleaning as well as housing repair services, revenue is recognised at point in time when the related value-added services are rendered. Payment of the transaction is due immediately when the services are rendered to the customer.

##### (c) Commercial property management services

Under the commercial property management services, the Group provide (a) basic commercial property management services and (b) value-added services property developers, property owners and tenants of commercial properties including office buildings and industrial parks, such as carpark space management services, resource management services and other customised services.

Similar as basic residential property management, for basic commercial property management services, the Group is entitled to retain the full amount of the property management fees received. From the property management fees, the Group shall bear expenses associated with, among others, staff, cleaning, garbage disposal, gardening and landscaping, security and general overheads covering the common areas. During the term of the contract, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the shortfall. Accordingly, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers on a straight-line basis over the specified period.

Revenue from value-added services mainly includes carpark space management services and resource management services recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (t) Revenue and other income – continued

#### (i) Revenue from contracts with customers – continued

##### (c) Commercial property management services – continued

Revenue from value-added services also includes temporary parking service and other customised services such as house cleaning as well as housing repair services, revenue is recognised at point in time when the related value-added services are rendered. Payment of the transaction is due immediately when the services are rendered to the customer.

#### (ii) Revenue from other sources and other income

##### (a) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

##### (b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

##### (c) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

##### (d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the assets by way of recognised in other income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

### (v) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (w) 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 IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### *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 amortised cost. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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.

#### *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.

#### *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.

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 ECL, 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (w) Financial instruments – continued

#### *Financial assets – continued*

##### *Amortised cost and effective interest method – continued*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. 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 net gains” line item (note 5).

##### *Derecognition of financial liabilities*

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.

### (x) Financial liabilities and equity instruments

#### *Classification as debt or equity*

Debt and equity instruments issued by a group entity are classified as either 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.

#### *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*

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

##### *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.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 2 MATERIAL ACCOUNTING POLICY INFORMATION – continued

### (x) Financial liabilities and equity instruments – continued

#### *Financial liabilities – continued*

##### *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 CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, 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 accounting judgements in applying the Group's 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.

#### (i) *Classification of supplier finance arrangement*

The Group has established a supplier finance arrangement, under which the banks agrees to pay amounts to the participating suppliers and the Group will subsequently settle the liability directly with the banks. The management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Judgement is required to determine the most appropriate classification and presentation of these transactions within the consolidated statement of cash flows and financial position.

The arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The management considers that they have a similar nature and function to trade payables. Accordingly, they are presented as part of trade payables, with total amounts of approximately RMB85,184,000 (2024: RMB15,876,000) as at 31 December 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 3 CRITICAL ACCOUNTING JUDGEMENT 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.

#### (i) *Expected credit loss for financial assets*

The credit losses for trade and bills receivables and other financial assets including other receivables, amounts due from related parties are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 26. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional loss allowances in future periods.

#### (ii) *Depreciation*

Investment property and other plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The management reviews the estimated useful lives and the residual values of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The determination of the useful lives and the residual values is based on historical experience with similar assets. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

#### (iii) *Impairment of investment property and other plant and equipment and intangible assets*

At the end of the reporting period, the Group's management reviews the carrying amounts of the Group's investment property and other plant and equipment and intangible assets of approximately RMB105,771,000 and RMB7,107,000 respectively (2024: RMB95,847,000 and RMB7,465,000) and identified if there is any indication for possible impairment. If any such indication exists, the recoverable amount of the CGUs in which the assets belonged, which is determined based on the higher of fair value less cost of disposal and value-in-use, is estimated in order to determine the extent of the impairment loss. No impairment loss of property, plant and equipment and right-of-use assets have been recognised for the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are city services, residential property management services and commercial property management services.

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition and principal activities lines is as follows:

	2025 RMB'000	2024 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
City services	<b>654,749</b>	594,309
Residential property management services	<b>229,020</b>	200,914
Commercial property management services	<b>162,431</b>	153,056
	<b>1,046,200</b>	948,279
<b>Revenue from other sources</b>		
Gross rental income	<b>3,018</b>	3,248
Total	<b>1,049,218</b>	951,527
<b>Disaggregated by timing of revenue recognition</b>		
Over time	<b>987,709</b>	905,366
Point in time	<b>61,509</b>	46,161
Total	<b>1,049,218</b>	951,527

For the years ended 31 December 2025 and 2024, revenue from Xi'an Economic and Technological Development Zone Management Committee ("Xi'an ETDZ MC) contributed 22% and 25% respectively of the Group's revenue. Other than Xi'an ETDZ MC, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue.

Details of concentrations of credit risk arising from this customer are set out in Note 26(a).

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

For basic residential, commercial and public property management services and municipal management services, the Group recognises revenue when the services are provided on monthly basis and recognises to which the Group has a right to invoice and that corresponds directly with the value of performance completed. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management service contracts do not have a fixed term.

For municipal, residential and commercial value-added services, which are generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 4 REVENUE AND SEGMENT REPORTING – continued

### (b) Segment reporting

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

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

All revenue and non-current assets of the Group are generated or located in the PRC. Accordingly, no analysis of geographic information is presented.

## 5 OTHER NET GAINS

	2025 RMB'000	2024 RMB'000
Interest income	990	1,214
Government grants (Note (i))	6,594	6,448
Income from additional deduction on input VAT	–	62
Amortisation of government grants (Note 24)	171	291
Net foreign exchange losses	(2,171)	–
Others	1,895	516
	<b>7,479</b>	8,531

Note:

- (i) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

## 6 PROFIT BEFORE TAX

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

### (a) Net finance costs

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	97	63
Bank and other charges	1,171	1,396
Net foreign exchange gains	–	(1,016)
	<b>1,268</b>	443

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 6 PROFIT BEFORE TAX – continued

### (b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	512,320	481,491
Contributions to defined contribution retirement plans	46,682	46,051
	<b>559,002</b>	527,542

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

### (c) Other items

	2025 RMB'000	2024 RMB'000
Depreciation charge (Note 11)		
– Owned property and equipment	11,393	10,715
– Right-of-use assets	1,357	1,176
	<b>12,750</b>	11,891
Amortisation cost of intangible assets (Note 12)	<b>1,673</b>	1,482
Recognition/(reversal) of impairment losses on trade and other receivables		
– Trade receivables (Note 26(a))	9,805	5,827
– Bills receivable (Note 26(a))	(38)	75
– Other receivables	180	5,462
	<b>9,947</b>	11,364
Auditors' remuneration		
– Audit services	1,774	2,150
Net loss on disposal of other property, plant and equipment	<b>103</b>	15
Cost of inventories recognised as expenses	<b>91,593</b>	84,461

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 7 INCOME TAX EXPENSES

- (a) Income tax expenses in the consolidated statements of profit and loss and other comprehensive income represents:

	2025 RMB'000	2024 RMB'000
<b>Current tax – PRC Corporate Income Tax</b>		
Provision for the year	19,755	13,961
<b>Deferred tax</b>		
Origination of temporary differences (Note 22)	(2,350)	(671)
	<b>17,405</b>	13,290

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

	2025 RMB'000	2024 RMB'000
Profit before tax	83,593	74,382
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned (Note (i))	20,898	18,596
Tax concessions (Note (ii))	(6,181)	(4,472)
Tax relief related to additional tax deduction on Small Low-profit Enterprise (Note (iii))	(674)	(1,329)
Tax effect of non-deductible expenses	3,467	596
Tax relief related to additional deduction on the employment of disabled individuals (Note (iv))	(105)	(101)
<b>Income tax expense for the year</b>	<b>17,405</b>	13,290

Notes:

- (i) The provision for PRC Corporate Income Tax for the years ended 31 December 2025 and 2024 is calculated at a statutory rate of 25% of the estimated assessable profits for the year.
- (ii) Certain subsidiaries of the Company established in the PRC are entitled to tax benefits applicable to entities under the Third Phase of the Western Region Development Plan of the PRC, and enjoy a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2021 to 2030.
- (iii) Certain subsidiaries of the Company satisfied the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises and are subject to a preferential income tax rate of 5% during the years ended 31 December 2024 and 2025.
- (iv) Certain subsidiaries of the Company are entitled to an additional 100% deduction of costs incurred for its employment of disabled individuals.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 8 DIRECTORS' AND SUPERVISORS' REMUNERATION

	Year ended 31 December 2025				
	Directors fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
<b>Executive directors</b>					
Mr. Wu Suozheng	-	597	-	73	670
Mr. Sun Qi	-	543	-	73	616
Mr. Cheng Hongrang	-	233	-	58	291
<b>Non-Executive directors</b>					
Mr. Zhao Junping	-	-	-	-	-
Mr. Yang Gang	-	-	-	-	-
Ms. Li Lingxiao	-	-	-	-	-
<b>Independent Non-Executive Directors</b>					
Mr. Lam Siu Wing	218	-	-	-	218
Mr. Jiang Li	218	-	-	-	218
Mr. Cao Yang	238	-	-	-	238
<b>Supervisors</b> (abolished on 22 October 2025)					
Mr. Li Gang (removed on 22 October 2025)	-	-	-	-	-
Mr. Bai Xiong (removed on 22 October 2025)	-	-	-	-	-
Mr. Geng Hexiang (removed on 22 October 2025)	-	168	-	61	229
	<b>674</b>	<b>1,541</b>	<b>-</b>	<b>265</b>	<b>2,480</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 8 DIRECTORS' AND SUPERVISORS' REMUNERATION – continued

	Year ended 31 December 2024				
	Directors fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
<b>Executive directors</b>					
Mr. Wu Suozheng	–	619	–	79	698
Mr. Sun Qi	–	569	–	70	639
Mr. Cheng Hongrang	–	508	–	42	550
<b>Non-Executive directors</b>					
Mr. Zhao Junping	–	–	–	–	–
Mr. Yang Gang	–	–	–	–	–
Ms. Li Lingxiao	–	–	–	–	–
<b>Independent Non-Executive Directors</b>					
Mr. Lam Siu Wing (appointed on 2 July 2024)	109	–	–	–	109
Mr. Jiang Li (appointed on 2 July 2024)	109	–	–	–	109
Mr. Cao Yang (appointed on 2 July 2024)	119	–	–	–	119
<b>Supervisors</b>					
Ms. Li Li (resigned on 2 April 2024)	–	178	–	24	202
Mr. Li Gang (appointed on 2 April 2024)	–	–	–	–	–
Mr. Bai Xiong	–	–	–	–	–
Mr. Geng Hexiang	–	197	–	37	234
	337	2,071	–	252	2,660

During the years ended 31 December 2025 and 2024, the non-executive directors, Mr. Li Gang and Mr. Bai Xiong were not paid directly by the Group but received remuneration from the Group's holding company or the fellow subsidiaries of the Company, in respect of their services to the larger group which includes the Group. No apportionment has been made as the qualifying services provided by them to the Group are incidental to their responsibilities to the larger group.

During the years ended 31 December 2025 and 2024, there were no amounts paid or payable by the Group to the directors, supervisors or any of the five highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office.

On 2 April 2024, Ms. Li Li was resigned as supervisor of the Company and Mr. Li Gang was appointed as supervisor of the Company. On 2 July 2024, Mr. Lam Siu Wing, Mr. Jiang Li and Mr. Cao Yang were appointed as independent non-executive directors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2024: three) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	1,519	1,423
Retirement scheme contributions	138	218
	<b>1,657</b>	1,641

	2025 Number of individuals	2024 Number of individuals
RMB Nil – RMB1,000,000	3	3

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of the basic earnings per share attributable to the equity shareholders of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
Profit and total comprehensive income for the year attributable to equity shareholders of the Company	63,948	59,031

### *Weighted average number of ordinary shares*

	2025 '000	2024 '000
Issued ordinary shares at 1 January	66,667	50,000
Effect of shares issued by initial public offering	–	8,311
Weighted average number of ordinary shares at 31 December	<b>66,667</b>	58,311

### (b) Diluted earnings per share

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive potential ordinary shares for the years ended 31 December 2025 and 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amount

	Ownership interests in buildings held for own use RMB'000	Machinery and equipment RMB'000	Vehicles RMB'000	Right-of-use assets RMB'000	Leasehold improvements RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
<b>Cost:</b>								
<b>At 1 January 2024</b>	–	20,514	76,511	1,324	470	98,819	14,855	113,674
Additions	38,829	3,621	1,254	1,260	–	44,964	–	44,964
Disposals	–	(1,361)	(41)	(737)	–	(2,139)	–	(2,139)
<b>At 31 December 2024</b>	38,829	22,774	77,724	1,847	470	141,644	14,855	156,499
Additions	1,183	3,420	15,729	2,348	155	22,835	–	22,835
Disposals	–	(260)	(2,698)	(515)	–	(3,473)	–	(3,473)
<b>At 31 December 2025</b>	40,012	25,934	90,755	3,680	625	161,006	14,855	175,861
<b>Accumulated depreciation:</b>								
<b>At 1 January 2024</b>	–	(11,389)	(33,641)	(521)	(256)	(45,807)	(4,927)	(50,734)
Charge for the year	(462)	(1,905)	(7,782)	(1,176)	(214)	(11,539)	(352)	(11,891)
Written back on disposals	–	1,244	39	690	–	1,973	–	1,973
<b>At 31 December 2024</b>	(462)	(12,050)	(41,384)	(1,007)	(470)	(55,373)	(5,279)	(60,652)
Charge for the year	(966)	(2,101)	(7,950)	(1,357)	(24)	(12,398)	(352)	(12,750)
Written back on disposals	–	234	2,563	515	–	3,312	–	3,312
<b>At 31 December 2025</b>	(1,428)	(13,917)	(46,771)	(1,849)	(494)	(64,459)	(5,631)	(70,090)
<b>Carrying amount:</b>								
<b>At 31 December 2025</b>	38,584	12,017	43,984	1,831	131	96,547	9,224	105,771
<b>At 31 December 2024</b>	38,367	10,724	36,340	840	–	86,271	9,576	95,847

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT – continued

### (b) Right-of-use asset

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	Note	2025 RMB'000	2024 RMB'000
Properties leased for own use, carried at depreciated cost	(i)		
– Office buildings		<b>1,894</b>	840

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

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying assets	<b>1,357</b>	1,176
Interest on lease liabilities (Note 6(a))	<b>97</b>	63
Expense relating to short-term leases	<b>1,155</b>	1,165

Notes:

- (i) The Group has obtained the right to use properties as its office spaces through tenancy agreements. The leases typically run for an initial period of 2 years. Additions to the right-of-use assets for the year ended 31 December 2025 amounted to approximately RMB2,348,000 (2024: RMB1,260,000) due to new leases of office spaces through tenancy agreements. In additions, the weighted average lessee's incremental borrowing rates applied to the relevant lease liabilities ranged from 4% to 5.23% per annum as at 31 December 2025.
- (ii) During the year ended 31 December 2025, the total cash outflow for leases amount to approximately RMB2,758,000 (2024: RMB2,103,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 11 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT – continued

### (c) Investment property

The investment property is a kindergarten in Xi'an held for rental purposes. It was valued to be RMB9,458,000 as at 31 December 2025 (31 December 2024: RMB9,960,000), using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment property. The fair value measurements are categorised into Level 3 which incorporates significant unobservable inputs. The valuations were carried out by Zhong He Appraisal Co., Ltd., an independent professional qualified valuer.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table provides an analysis of the fair value of investment property at the end of each reporting period, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance to the Group's accounting policy.

Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Discount rate	Relationship of key inputs and significant unobservable inputs to fair value
Level 3	Discounted cash flow method with discount rate as the key input (2024: Discounted cash flow method with discount rate as the key input)	Discount rate (2024: Discount rate)	2025: 5.35% (2024: 5.50%)	The higher the discount rate, the lower the fair value

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 12 INTANGIBLE ASSETS

	Software RMB'000	Intellectual property RMB'000	Total RMB'000
<b>Cost:</b>			
At 1 January 2024	10,517	1,792	12,309
Additions	1,532	–	1,532
At 31 December 2024	12,049	1,792	13,841
Additions	1,266	49	1,315
At 31 December 2025	13,315	1,841	15,156
<b>Accumulated amortisation:</b>			
At 1 January 2024	(4,396)	(498)	(4,894)
Charge for the year	(844)	(638)	(1,482)
At 31 December 2024	(5,240)	(1,136)	(6,376)
Charge for the year	(1,387)	(286)	(1,673)
At 31 December 2025	(6,627)	(1,422)	(8,049)
<b>Carrying amount:</b>			
At 31 December 2025	6,688	419	7,107
At 31 December 2024	6,809	656	7,465

Amortisation of intangible assets has been charged to administrative and other expenses in the consolidated statements of profit or loss and other comprehensive income.

## 13 GOODWILL

	RMB'000
<b>Cost:</b>	
At 1 January 2024, 31 December 2024 and 31 December 2025	1,769
<b>Accumulated impairment losses:</b>	
At 1 January 2024, 31 December 2024 and 31 December 2025	–
<b>Carrying amount:</b>	
At 31 December 2025	1,769
At 31 December 2024	1,769

### Impairment tests for cash-generating units containing goodwill

On 1 June 2022, the Group completed the acquisition of Shaanxi Rixing Property Management Service Co., Ltd. at a consideration of RMB933,000, which result in the recognition of goodwill of RMB1,769,000.

For the purpose of impairment testing, the Group's goodwill acquired through the above business combination was related to the subsidiary which was regarded as a cash-generating unit ("CGU").

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 13 GOODWILL – continued

### Impairment tests for cash-generating units containing goodwill – continued

The recoverable amount of the CGU is determined based on value-in-use calculation. The calculation uses cash flow projection based on financial budget prepared by the directors of the Company covering a five-year period. The cash flow projection adopted annual revenue growth rates of 0% (31 December 2024: 0%), which are based on the Group's historical experience with the operation and adjusted for other factors that are specific to the CGU. Cash flows beyond the five-year period as at 31 December 2025 are extrapolated using an estimate weighted average growth rate of 0% (31 December 2024: 0%). The cash flows are discounted using a discount rate of 17.5% as at 31 December 2025 (31 December 2024: 14.0%). The discount rate used is pre-taxed and reflect specific risks relating to the cash-generating unit.

The management of the Group considered there was no material change in the key assumptions mentioned above that would cause the carrying amount of CGU to exceed its recoverable amount. The management of the Group determined that there was no impairment of its CGU.

## 14 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest held by the Company	Principal activities
Xi'an Jingkai Property Management Co., Ltd.*	The PRC	RMB3,000,000	100% (2024: 40%) (Note (i))	Property management services
Xi'an Jiatai Property Management Service Co., Ltd.*	The PRC	RMB1,000,000	100%	Property management services
Xi'an Jingjian Property Management Co., Ltd.*	The PRC	RMB3,000,000	100%	Property management services
Xi'an Kingfar City Service Co., Ltd.	The PRC	RMB10,000,000	100%	Urban cleaning Services
Xi'an Kingfar Environment Co., Ltd.	The PRC	RMB4,000,000	100%	Urban cleaning Services
Shaanxi Rixing Property Management Service Co., Ltd.	The PRC	RMB3,000,000	51%	Property management services
Shenyang Kingfar Huishan Property Management Co., Ltd.	The PRC	RMB500,000	60%	Property management services
Hancheng City Chengtou Kingfa Property Service Co., Ltd.	The PRC	RMB5,000,000	51%	Property management services
Xinjiang Saide Jingfa Property Management Co., Ltd.	The PRC	RMB5,000,000	51%	Property management services

Note:

- (i) The Company has the power to exercise control over the entity's operating and management activities through the board of directors and therefore Xi'an Jingkai Property Management Co., Ltd. ("Jingkai") is accounted for as a subsidiary by virtue of the Company's control over it. During the year ended 31 December 2025, the Group acquired the remaining 60% equity interest in Jingkai with a cash consideration of approximately RMB953,000.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 15 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials and consumables	255	330

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories consumed	91,593	84,461

All of the inventories are expected to be recovered within one year.

## 16 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Bills receivable	5,711	8,936
Trade receivables		
– Related parties	64,000	37,899
– Third parties	268,984	187,246
Less: allowance for doubtful debts (Note 26(a))	338,695 (25,672)	234,081 (15,905)
Trade and bills receivables, net of loss allowance	313,023	218,176
Amounts due from related parties	293	293
Deposits	19,811	6,839
Payments on behalf of property owners	42,865	27,581
Others	17,554	9,765
Less: allowance for other receivables	(11,406)	(11,226)
Other receivables, net of loss allowance	69,117	33,252
Financial assets measured at amortised cost	382,140	251,428
Tax recoverable	3,915	1,246
	386,055	252,674

As at 31 December 2025, the gross amount of bills and trade receivables arising from contracts with customers amounted to RMB338,695,000 (2024: RMB234,081,000).

All of the trade and other receivables are expected to be recovered within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 16 TRADE AND OTHER RECEIVABLES – continued

### Ageing analysis

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

	2025 RMB'000	2024 RMB'000
Within 1 year	271,721	182,324
1 to 2 years	34,177	30,904
2 to 3 years	7,125	4,948
	<b>313,023</b>	218,176

Further details of the Group's credit policy and credit risk arising from trade debtors are set out in Note 26(a).

## 17 PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Non-current asset Prepayments to third parties (Note)	2,315	–
Current assets Prepayments to related parties	701	1,510
Prepayments to third parties	7,139	7,121
	<b>7,840</b>	8,631
	<b>10,155</b>	8,631

Note: The balance represented the payments made by the Group for the acquisition of software.

## 18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash on hand	2	2
Cash at bank	445,513	426,890
Cash at bank and on hand	445,515	426,892
Less: restricted cash at bank	(14)	(2,358)
Cash and cash equivalents	<b>445,501</b>	424,534

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 18 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION – continued

(b) Reconciliation of liabilities arising from financing activities:

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

	1/1/2025 RMB'000	Financing cash flows RMB'000	Non-cash changes		31/3/2025
			Finance costs incurred RMB'000	New lease arrangements RMB'000	
Lease liabilities	1,286	(1,603)	97	2,348	2,128

	1/1/2024 RMB'000	Financing cash flows RMB'000	Non-cash changes		31/3/2024 RMB'000
			Finance costs incurred RMB'000	New lease arrangements RMB'000	
Lease liabilities	951	(938)	63	1,210	1,286

## 19 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables (Note (i))		
– Related parties	9,922	8,407
– Third parties	170,627	133,173
– Supplier finance arrangements (Note (ii))	85,184	15,876
	<b>265,733</b>	157,456
Amounts due to related parties	1,642	6,624
Other payables and accrued expenses:		
– Accrued payroll and other benefits	158,045	149,020
– Deposits	23,503	25,611
– Receipts on behalf of property owners	91,983	98,404
– Receipts on behalf of residents/tenants	17,999	16,983
– Payables for expenditures incurred in connection with the proposed initial listing of the Company's H share	189	1,049
– Payables for maintenance and renovation (Note 23)	6,038	13,458
– Others	16,771	23,219
	<b>314,528</b>	327,744
Financial liabilities measured at amortised cost	581,903	491,824
Other taxes payable	5,734	5,257
	<b>587,637</b>	497,081

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 19 TRADE AND OTHER PAYABLES – continued

Notes:

- (i) As of the end of reporting period, the ageing analysis of trade payables (including those trade payables that are under the Group's supplier finance arrangements), based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	231,638	139,831
Over 1 year	34,095	17,625
	<b>265,733</b>	157,456

- (ii) All payables under the arrangement are classified as current as at 31 December 2025 and 2024. The Group has entered into reverse factoring arrangements, under which the Group's suppliers may elect to receive early payment on the invoice amount from the banks. Payments to suppliers ahead of the invoice due date are processed by the banks. Under the arrangement, the banks agree to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the banks at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The range of payment due dates for such supplier finance arrangements ranged from 60 to 120 days (2024: 60 to 120 days) after the invoice date, which is similar with the range of payment due dates for comparable trade payables that are not part of the supplier finance arrangements. All payables under the arrangement were settled by the banks to the suppliers as at 31 December 2025 and 2024.

The Group has not derecognised the original trade payables relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; however, the arrangement does provide willing suppliers with the benefit of early payment. Additionally, the Group does not incur any additional interest or security towards the banks on the amounts due to the suppliers. The Group therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remains the same as those of other trade payables.

## 20 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Prepayments received for rendering the services		
– Related parties	293	42
– Third parties	48,128	37,270
	<b>48,421</b>	37,312

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 20 CONTRACT LIABILITIES – continued

### Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
<b>At 1 January</b>	<b>37,312</b>	38,977
Increase in contract liabilities as a result of billing in advance	<b>48,421</b>	37,312
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	<b>(37,312)</b>	(38,977)
<b>At 31 December</b>	<b>48,421</b>	37,312

The Group received a prepayment before rendering the services. This will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

None of the Group's amounts of contract liabilities are expected to be recognised as income for more than one year as at 31 December 2025 (31 December 2024: RMB Nil).

## 21 LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Non-current	<b>762</b>	81
Current	<b>1,366</b>	1,205
	<b>2,128</b>	1,286

### Amounts payable under lease liabilities

	2025 RMB'000	2024 RMB'000
Within 1 year	<b>1,366</b>	1,205
After 1 year but within 2 years	<b>762</b>	81
	<b>2,128</b>	1,286

During the year ended 31 December 2025 and 2024, the total cash outflow for leases was set out in Note 11(b).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 22 DEFERRED TAX ASSETS

The component of deferred tax assets recognised in the consolidated statements of financial position and the movements during the year are as follows:

Deferred tax arising from	Credit loss allowance RMB'000	Provision and accrued expenses RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2024	2,387	9,126	875	12,388
Credited/(charged) to profit or loss (Note 7(a))	1,634	(93)	(870)	671
At 31 December 2024 and 1 January 2025	4,021	9,033	5	13,059
Credited to profit or loss (Note 7(a))	1,374	981	(5)	2,350
At 31 December 2025	5,395	10,014	–	15,409

## 23 LONG-TERM PAYABLES

According to the Notice on the Working Plan of Accelerating the State-owned Enterprises' Divestment from Public Service Function and Solving Historical Issues (Guo Fa [2016] No.19) (《關於印發加快剝離國有企業辦社會職能和解決歷史遺留問題工作方案的通知》(國發[2016] 19號)), relevant parties shall fully facilitate the divestment and transfer of "Three Supplies and Property Management Business" for residential properties of employees of state-owned enterprises, and carry out necessary maintenance and renovation for relevant equipment and facilities related to water supply, power supply and etc. in order to meet the general standard for municipal infrastructure. In addition, separate account shall be set up for each household and relevant fees shall be collected for corresponding accounts, and such business shall be managed by professional enterprises or institutions on a market-oriented basis (the "Divestment and Transfer").

As the transferee in respect of the Divestment and Transfer, long-term payables represent the balance of fees received from the transferors to carry out maintenance and renovation beyond one year.

RMB6,038,000 has been classified as short-term payables (see Note 19) as at 31 December 2025 (31 December 2024: RMB13,458,000).

## 24 DEFERRED INCOME

	2025 RMB'000	2024 RMB'000
As at 1 January	909	1,200
Additions for the year	5	–
Amortisation for the year (Note 5)	(171)	(291)
At 31 December	743	909

Deferred income mainly represents government grants or subsidies received for employment stabilisation and incentives for acquiring certain assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

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

	Share capital RMB'000 (Note 25(b))	Capital reserve RMB'000 (Note 25(b))	Statutory reserve RMB'000 (Note 25(c))	Retained profits RMB'000	Total RMB'000
<b>At 1 January 2024</b>	50,000	84	8,622	47,351	106,057
Profit and total comprehensive income for the year	–	–	–	35,587	35,587
Appropriation to reserves	–	–	3,559	(3,559)	–
Issuance of shares by initial public offering	16,667	63,320	–	–	79,987
<b>At 31 December 2024 and 1 January 2025</b>	66,667	63,404	12,181	79,379	221,631
Profit and total comprehensive income for the year	–	–	–	32,512	32,512
Appropriation to reserves	–	–	3,251	(3,251)	–
<b>At 31 December 2025</b>	66,667	63,404	15,432	108,640	254,143

### (b) Share capital

The share capital in the Group's consolidated statement of financial position represents the share capital of the Company as at 31 December 2025 and 2024, which was RMB66,666,800, respectively. The movements are as follows:

	No. of shares	Share capital RMB'000
At 1 January 2024	50,000,000	50,000
Issuance of shares by initial public offering (Note (i))	16,666,800	16,667
At 31 December 2024 and 31 December 2025	66,666,800	66,667

Note:

- (i) On 3 July 2024, 16,666,800 ordinary shares with par value of RMB1 each were issued at a price of HK\$7.50 each by initial public offering. The proceeds of RMB16,666,800, representing the par value, were credited to the Company's share capital. The remaining proceeds, net of share issuance expenses, of approximately RMB63,320,000 were credited to the capital reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 25 CAPITAL, RESERVES AND DIVIDENDS – continued

### (c) Statutory reserve

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

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

### (d) Dividends

No dividends were paid or declared by the Company or its subsidiaries comprising the Group during the year (2024: RMB Nil).

### (e) Capital management

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

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends as well as the issue of new debt or the redemption of existing debt.

The Group is not subject to externally imposed capital requirements for the years ended 31 December 2025 and 2024.

## 26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business. The Group is not subject to any significant currency risk.

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

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to cash at bank, trade and bills receivables, deposits and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents are limited because the counterparties are banks with a high credit standing assigned by the management of the Group, to which the Group considers to have low credit risk. For the purposes of internal credit risk management, the Group has applied the general approach in IFRS 9 to measure the loss allowance at 12-month ECLs as there is no significant increase in credit risk since initial recognition. The Group determines the expected credit losses for these assets by assessment of probability of default, loss given default and exposure at default.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

### (a) Credit risk – continued

In respect of amounts due from related parties for non-trade nature, deposits and other receivables, except for the balances individually assessed, the Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and looking-forward information. Thus, except for RMB11,004,000 (31 December 2024: RMB11,004,000) of allowance provision provided through individually assessment, the Group's exposure to credit risk arising from these receivables is calculated using an expected loss rate ranged from 0.3% to 0.7% for the years ended 31 December 2025 and 2024.

The Group generally granted a credit term within 120 days from invoice date to its customers. In respect of trade receivables from third parties and related parties, the Group measures loss allowances at an amount equal to lifetime ECLs based on historical settlement records and forward-looking information. The Group has a large number of customers and there was no concentration of credit risk. In addition, the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group considers that a default event occurs when there is significant decrease in services fee collection rate and estimates the expected credit loss rate. Normally, the Group does not obtain collateral from customers.

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

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	1.87	271,188	(5,072)
1 to 2 years	11.39	38,570	(4,393)
2 to 3 years	37.51	11,403	(4,277)
Over 3 years (Note)	100.00	11,823	(11,823)
Bills receivable	1.87	332,984	(25,565)
		5,711	(107)
		<b>338,695</b>	<b>(25,672)</b>

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	1.62	176,394	(2,861)
1 to 2 years	9.17	34,025	(3,121)
2 to 3 years	31.47	7,220	(2,272)
Over 3 years (Note)	100.00	7,506	(7,506)
Bills receivable	1.62	225,145	(15,760)
		8,936	(145)
		<b>234,081</b>	<b>(15,905)</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

### (a) Credit risk – continued

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

	As at 31 December 2025			
	Expected loss rate %	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000
Amounts due from related parties – Non-trade nature	0.3%	12-month ECL	293	(1)
Deposits	0.5%	12-month ECL	19,811	(99)
Receipts and payments on behalf of property owners	0.7%	12-month ECL	31,861	(214)
Others	0.5%	12-month ECL	17,554	(88)
Receipts and payments on behalf of property owners (Note)	100%	Lifetime ECL (credit impaired)	11,004	(11,004)
			<b>80,523</b>	<b>(11,406)</b>

	As at 31 December 2024			
	Expected loss rate %	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000
Amounts due from related parties – Non-trade nature	0.3%	12-month ECL	293	(1)
Deposits	0.5%	12-month ECL	6,839	(34)
Receipts and payments on behalf of property owners	0.7%	12-month ECL	16,577	(138)
Others	0.5%	12-month ECL	9,765	(49)
Receipts and payments on behalf of property owners (Note)	100%	Lifetime ECL (credit impaired)	11,004	(11,004)
			<b>44,478</b>	<b>(11,226)</b>

Note: Due to the financial uncertainty arising from certain debtors, the Group based on individual assessments and professional judgment given their long-outstanding status, increased the expected loss rate for those trade and other receivables to 100%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

### (a) Credit risk – continued

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of bills and trade receivables from third parties and related parties for the years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
<b>At 1 January</b>	<b>15,905</b>	10,003
Recognition of impairment losses during the year	<b>9,767</b>	5,902
<b>At 31 December</b>	<b>25,672</b>	15,905

Movement in the loss allowance account in respect of other receivables from third parties and related parties for the years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
<b>At 1 January</b>	<b>11,226</b>	5,764
Recognition of impairment losses during the year	<b>180</b>	5,462
<b>At 31 December</b>	<b>11,406</b>	11,226

### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses, participation in supplier finance arrangements with banks and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

As disclosed in Note 19(i), the Group has entered into certain reverse factoring arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers. This results in the Group being required to settle a larger amount with a single counterparty, rather than smaller amounts with several counterparties. However, the amounts of payables subject to the arrangements are limited.

The Group's policy is to regularly monitor its liquidity requirements and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash from major financial institutions to meet its liquidity requirements in the short and longer term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

### (b) Liquidity risk – continued

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

	As at 31 December 2025					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables	581,903	–	–	–	581,903	581,903
Long-term payables	–	2,603	–	–	2,603	2,603
Lease liabilities	1,385	205	613	–	2,203	2,128
	<b>583,288</b>	<b>2,808</b>	<b>613</b>	<b>–</b>	<b>586,709</b>	<b>586,634</b>

	As at 31 December 2024					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables	491,824	–	–	–	491,824	491,824
Long-term payables	–	2,603	–	–	2,603	2,603
Lease liabilities	1,230	83	–	–	1,313	1,286
	<b>493,054</b>	<b>2,686</b>	<b>–</b>	<b>–</b>	<b>495,740</b>	<b>495,713</b>

#### Liquidity risk relating to liabilities subject to supplier finance arrangements

A substantial portion of the Group's trade payables are included in the Group's supplier finance arrangement and are, thus, with a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with several counterparties. However, the payment terms for trade payables covered by the arrangement does not significantly extend the payment terms beyond the normal terms agreed with other suppliers not participating. Management does not consider the supplier finance arrangement to result in excessive concentrations of liquidity risk, and the arrangement has been established to ease the administrative burden of managing invoices from a significant number of suppliers, rather than to obtain financing.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk is not significant.

### (d) Fair value measurement

#### (i) Fair value of financial assets and liabilities carried at other than fair value

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

## 27 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	4,762	5,741
Retirement scheme contributions	832	721
	5,594	6,462

### (b) Significant related party transactions

The Group entered into the following transactions with its related parties.

	2025 RMB'000	2024 RMB'000
Render of services	75,799	58,362
Purchase of services	10,694	12,152
Payments for business combinations under common control	–	37,846
Expense relating to short-term leases	162	204

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27 MATERIAL RELATED PARTY TRANSACTIONS – continued

### (c) Balances with related party

	2025 RMB'000	2024 RMB'000
<b>Trade nature</b> (Note (i))		
Trade receivables	64,000	37,899
Prepayments	701	1,510
Trade payables	9,922	8,407
Contract liabilities	293	42
Lease liabilities	–	1,026
<b>Non-trade in nature</b>		
Other receivables	293	293
Other payables	1,642	6,624

Note:

- (i) The trade related balances with the related parties arose from the sales or purchase of goods or services with the related parties.

Apart from the transactions with related parties disclosed above, the Group also has transactions with Xi'an ETDZ MC (Note 4(a)(i)), the sole shareholder of Kingfar Holdings, in the ordinary course of the Group's business. Xi'an ETDZ MC is an administrative agency of Xi'an Municipal People's Government to manage Xi'an Economic and Technology Development Zone on behalf of Xi'an Municipal People's Government and is not engaging in commercial business or operating commercial entities. As advised by the PRC legal advisers, Xi'an ETDZ MC is a PRC Governmental Body. The Group's transactions with Xi'an ETDZ MC were primarily the provision of city services relating to public and municipal properties in Xi'an Economic and Technology Development Zone and did not have any non-trade transactions or balances with Xi'an ETDZ MC. Having regard to the disclosure exemption for transactions and balances with government-related entities provided by paragraphs 25 to 26 of IAS24 and the substance of the relationships, the directors of the Company are of the opinion that no separate disclosures of the amounts of transactions and related balances with Xi'an ETDZ MC or additional disclosure is necessary for the understanding of the effect of these transactions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27 MATERIAL RELATED PARTY TRANSACTIONS – continued

### (d) Name and relationship with the related parties

Transactions with the following parties are considered as related party transactions:

Name of related party	Relationship with the Group
Kingfar Holdings 西安經發控股(集團)有限責任公司	The controlling shareholder of the Company
Kingfar Group 西安經發集團有限責任公司	Shareholder of the Company, which is controlled by Kingfar Holdings
Xi'an Jinpeng Plastic Profile Manufacturing Co., Ltd.* 西安市金鵬塑膠異型材製造有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingxin Real Estate Co., Ltd.* 西安經新置業有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Jingkai Financial Holdings Co., Ltd.* 西安經開金融控股有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development and Urban Construction Group Co., Ltd.* 西安經開城建集團有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Industrial Park Development Group Co., Ltd.* 西安經開產業園發展集團有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingjin Industrial Co., Ltd.* 西安經勁實業有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Economic and Technological Development Zone Human Resources Development Co., Ltd.* 西安經濟技術開發區人力資源開發有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic and Technological Development Zone Construction Co., Ltd.* 西安經濟技術開發區建設有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Asset Management Co., Ltd.* 西安經發資產管理有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Real Estate Co., Ltd.* 西安經發置業有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar New Energy Co., Ltd.* 西安經發新能源有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Xinjingzhi Real Estate Co., Ltd.* 西安經發新景致地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Municipal Construction Co., Ltd.* 西安經發市政建設有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Lv Kang Building Materials Co., Ltd.* 西安經發綠康建材有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Technology Industry Development Co., Ltd.* 西安經發科技產業發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Jingyi Investment Management Co., Ltd.* 西安經發景怡投資管理有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Landscape Greening Co., Ltd.* 西安經發景觀綠化有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Supply Chain Operation Trading Co., Ltd.* 西安經發供應鏈運營貿易有限公司	A company controlled by the Controlling Shareholder

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27 MATERIAL RELATED PARTY TRANSACTIONS – continued

### (d) Name and relationship with the related parties – continued

Name of related party	Relationship with the Group
Xi'an Kingfar Fengwei Real Estate Co., Ltd.* 西安經發豐渭地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Scenic Real Estate Co., Ltd.* 西安經發風景地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Real Estate Co., Ltd.* 西安經發地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Chengyun Culture and Sports Industry Co., Ltd.* 西安經發城運文化體育產業有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Urban Renewal Construction Investment Co., Ltd.* 西安經發城市更新建設投資有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Urban Development Co., Ltd.* 西安經發城市發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Chengpin Architectural Decoration Co., Ltd.* 西安經發誠品建築裝飾有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingwei Development and Construction Co., Ltd.* 西安涇渭開發建設有限公司	A company controlled by the Controlling Shareholder
Xi'an Financial Center Construction and Development Co., Ltd.* 西安金融中心建設開發有限公司	A company controlled by the Controlling Shareholder
Xi'an Jiaotong University City College 西安交通大學城市學院	A company controlled by the Controlling Shareholder
Xi'an Industrial Park Housing Rental Operation Co., Ltd.* 西安產發產業園住房租賃運營有限責任公司	A company controlled by the Controlling Shareholder
But'one Information Corporation, Xi'an* 西安博通資訊股份有限公司	A company controlled by the Controlling Shareholder
Xi'an Economic Development Investment and Construction Comprehensive Bonded Zone Industrial Development Co., Ltd.* 西安經開投建綜合保稅區產業發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Silk Road Smart Rail Industrial Park Construction Co., Ltd.* 西安絲路智軌產業園區建設有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingkai Urban Construction Group Co., Ltd. Sports Branch* 西安經開城建集團有限責任公司體育運動分公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Tiancheng Development & Construction Co., Ltd.* 西安經發天成開發建設有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Elderly Care Service Co., Ltd.* 西安經發養老服務有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Commercial Factoring Co., Ltd.* 西安經發商業保理有限公司	A company controlled by the Controlling Shareholder

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 27 MATERIAL RELATED PARTY TRANSACTIONS – continued

### (d) Name and relationship with the related parties – continued

Name of related party	Relationship with the Group
Xi'an Jingfa Holding (Group) Co., Ltd.* 西安經發控股(集團)有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Green Energy Technology Development Co., Ltd.* 西安經發綠能科技發展有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Jinghe Real Estate Co., Ltd.* 西安經發景和地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Xinwenjing Real Estate Co., Ltd.* 西安經發新文景地產有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Financing Guarantee Co., Ltd.* 西安經發融資擔保有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingfa Financial Leasing Co., Ltd.* 西安經發融資租賃有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingchan Commercial Factoring Co., Ltd.* 西安經產商業保理有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingjian Hengye Operation & Management Co., Ltd.* 西安經建恒業運營管理有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingjian Technology & Engineering Co., Ltd.* 西安經建科技工程有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingheng Financial Service Co., Ltd.* 西安經恒金融服務有限公司	A company controlled by the Controlling Shareholder
Jingchan International Financial Leasing Co., Ltd.* 經產國際融資租賃有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingjian Landscape Greening Co., Ltd.* 西安經建景觀綠化有限責任公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Printing and Dyeing Equipment Co., Ltd.* 西安經發印染設備有限公司	A company controlled by the Controlling Shareholder
Xi'an Kingfar Water Service Co., Ltd.* 西安經發水務有限公司	A company controlled by the Controlling Shareholder
Xi'an Jingwei Water Purification Co., Ltd.* 西安涇渭水淨化有限公司	A company controlled by the Controlling Shareholder
Xi'an Qirong Technology Industrial Development Co., Ltd.* 西安啟融科技實業發展有限公司	A company controlled by the Controlling Shareholder

\* The official names of these entities are in Chinese. The English translation names are for identification purpose only.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
<b>Non-current assets</b>		
Investment property and other plant and equipment	61,318	61,741
Intangible assets	5,808	6,181
Deferred tax assets	6,717	5,364
Non-current prepayment	2,315	–
Investment in subsidiaries	93,113	92,160
	<b>169,271</b>	165,446
<b>Current assets</b>		
Inventories	95	262
Trade and other receivables	172,793	107,104
Amounts due from subsidiaries (Note)	70,136	58,058
Tax recoverables	2,191	–
Prepayments	4,858	6,634
Cash at bank and on hand	271,529	217,092
	<b>521,602</b>	389,150
<b>Current liabilities</b>		
Trade and other payables	317,647	243,546
Amounts due to subsidiaries (Note)	81,691	54,507
Contract liabilities	36,533	30,347
Lease liabilities	601	285
Current taxation	–	4,070
	<b>436,472</b>	332,755
<b>Net current assets</b>	<b>85,130</b>	56,395
<b>Total assets less current liabilities</b>	<b>254,401</b>	221,841
<b>Non-current liabilities</b>		
Deferred income	168	210
Lease liabilities	90	–
	<b>258</b>	210
<b>NET ASSETS</b>	<b>254,143</b>	221,631
<b>CAPITAL AND RESERVES</b>	25	
Share capital	66,667	66,667
Reserves	187,476	154,964
<b>TOTAL EQUITY</b>	<b>254,143</b>	221,631

Note: The amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 29 EVENTS AFTER REPORTING PERIOD

### Asset acquisition from a related party

On 5 December 2025, the Company and Xi'an Kingfar Real Estate Co., Ltd. ("Kingfar Real Estate"), a related party to the Group, entered into the asset acquisition agreements, the civil air defense car park lease agreement and the mechanical parking space transfer agreement, pursuant to which: (i) the Company conditionally agreed to acquire the property units from Kingfar Real Estate; (ii) the Company conditionally agreed to lease the civil air defense parking Spaces from Kingfar Real Estate; and (iii) Kingfar Real Estate conditionally agreed to transfer the usage right of the mechanical parking spaces to the Company, at the aggregated consideration of RMB63,007,500. The property units, the civil air defense parking spaces and the mechanical parking spaces (collectively, the "Property") are located in the property which is located at No. 132 Weiyang Road, Weiyang District, Xi'an, PRC, within the Xi'an Economic and Technological Development Zone. The property is designated as a mixed-use office there and commercial development.

Acquisition of the Property has been completed on 30 January 2026.



## DEFINITIONS

In this annual report unless the context otherwise requires, the following terms shall have the meaning set out below.

“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Board Committees”	the Audit Committee, the Remuneration Committee and the Nomination Committee
“China” or “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, excluding Taiwan, the Macau Special Administrative Region and Hong Kong
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company” or “our Company”	Xi’an Kingfar Property Services Co., Ltd.* (西安經發物業股份有限公司), a company incorporated in the People’s Republic of China with limited liability on 5 December 2000 and converted into a joint stock company with limited liability on 29 December 2020
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“GFA”	gross floor area
“Global Offering”	has the same meaning as defined in the Prospectus
“Group”, “our Group”, “our”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are listed and trading on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies), who or which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of our Company within the meaning of the Listing Rules
“Kingfar Group”	Xi’an Kingfar Group Co., Ltd. (西安經發集團有限責任公司), a company established in the PRC with limited liability on 5 September 2001 and one of the controlling shareholders (as defined under the Listing Rules) of the Company, which is owned as to approximately 96.29% by Kingfar Holdings, and approximately 3.71% by Shaanxi Financial Asset Management Co., Ltd. (陝西金融資產管理股份有限公司), an Independent Third Party



## DEFINITIONS

“Kingfar Holdings”	Xi’an Kingfar Holdings (Group) Co., Ltd. (西安經發控股(集團)有限責任公司), a company established in the PRC with limited liability on 4 May 2010 and one of our Controlling Shareholders, which is wholly owned by the Xi’an ETDZ MC
“Kingfar Holdings Group”	Kingfar Holdings, its subsidiaries and its associates, excluding our Group
“Kingfar Supply Chain”	Xi’an Kingfar Supply Chain Operation Trading Co., Ltd. (西安經發供應鏈運營貿易有限公司), a company established in the PRC with limited liability on 27 September 2009 and a wholly-owned subsidiary of Kingfar Group
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	3 July 2024, the date on which dealings in the H Shares on the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus of the Company dated 24 June 2024
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of RMB1.00 each in the share capital of our Company, comprising H Shares and Unlisted Domestic Shares
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“treasury shares”	has the meaning ascribed to it under the Listing Rules
“Unlisted Domestic Share(s)”	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange



## DEFINITIONS

“Xi’an ETDZ MC”

the Management Committee of Xi’an Economic and Technology Development Zone (西安經濟技術開發區管理委員會), an administrative agency of Xi’an Municipal People’s Government for the management of Xi’an Economic and Technology Development Zone which is not engaging in commercial business or operating commercial entities, and sole shareholder of Kingfar Holdings

\* The English translation and/or transliteration of the names of PRC nationals, entities, enterprises, government authorities, departments, facilities, certificates, titles, laws and regulations included in this prospectus is included for identification purposes only. In the event of any inconsistency between the English translation and/or transliteration and the Chinese versions, the Chinese versions shall prevail.

# FINANCIAL SUMMARY

## Year ended 31 December/As at 31 December

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	<b>1,049,218</b>	951,527	862,247	706,816	593,660
Gross Profit	<b>162,240</b>	143,220	118,036	100,997	86,226
Profit and total comprehensive income for the year	<b>66,188</b>	61,092	51,018	37,439	31,155
Profit and total comprehensive income attributable to equity shareholders of the Company	<b>63,948</b>	59,031	49,726	37,501	32,187
Non-current Assets	<b>132,371</b>	118,140	121,123	79,515	78,621
Current assets	<b>839,665</b>	688,527	528,750	459,569	395,437
Total assets	<b>972,036</b>	806,667	649,873	539,084	474,058
Non-current liabilities	<b>4,108</b>	3,593	17,537	16,856	28,918
Current liabilities	<b>639,650</b>	540,031	510,372	452,813	344,643
Total liabilities	<b>643,758</b>	543,624	527,909	469,669	373,561
Total equity	<b>328,278</b>	263,043	121,964	69,415	100,497
Total equity attributable to equity shareholders of the Company	<b>319,960</b>	256,000	116,982	67,179	97,609

Note: The Company was listed on the Main Board of the Stock Exchange on 3 July 2024. The Company published financial information since 2021 in the Prospectus, and therefore the above table sets out the financial highlights for the four accounting years since 2021.