



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



2024 ANNUAL REPORT

(a joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code : 1354

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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

Mr. Li Gang
Mr. Bai Xiong
Mr. Geng Hexiang

JOINT COMPANY SECRETARIES

Mr. Li Xiuyuan
Ms. Leung Shui Bing
(*appointed on 26 August 2024*)
Ms. Fung Po Ting (*resigned on 26 August 2024*)

AUTHORISED REPRESENTATIVES

Mr. Wu Suozheng
Ms. Leung Shui Bing
(*appointed on 26 August 2024*)
Ms. Fung Po Ting (*resigned on 26 August 2024*)

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

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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

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LEGAL ADVISORS

As to Hong Kong law
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in Association with Commerce & Finance Law Offices
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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

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

STOCK CODE

1354

CORPORATE MILESTONES

JANUARY 2024

The Company was awarded the top ranking in the “2023 Xi’an Property Service Enterprises Credit Rating List”. The Company has received this honour for the seventh consecutive time.

Xi’an Kingfar Facilities and Equipment Intelligent Management Co., Ltd., a wholly-owned subsidiary of the Company, successfully passed the certification of “High-tech Enterprise”.

The Company was honoured with the awards of “2023 Leading Enterprise of Property Service Market Position in Shaanxi Province” and “2023 Leading Enterprise of Property Service Satisfaction in Xi’an City”.



MARCH 2024

The Customer Service Team of the Property Service Centre of the Municipal Government of the Company was awarded the “Xi’an City May-First Women’s Commendation”.

APRIL 2024

The Company was awarded two honours of “2024 Top 100 Property Service Enterprises in China (44th)” and “2024 Top 100 Satisfaction Leading Enterprises of Property Service in China”.



MAY 2024

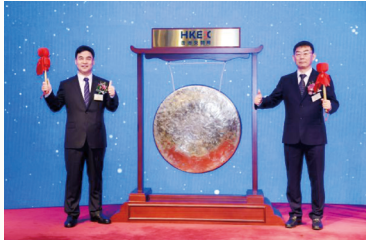
The Company was awarded the “2024 Top 100 Property Management Companies in China (50th)”, “2024 Top 50 State-owned Property Management Companies in China” and “2024 Top 20 Property Management Companies in Northwest China”.



CORPORATE MILESTONES

JUNE 2024

The local standard of Xi'an entitled "Green Campus Property Service Standards", which was compiled by the Company's wholly-owned subsidiary, Jingjian Property Management Co., Ltd* (經建物業管理有限責任公司), was approved by the Municipal Administration for Market Regulation for promulgation and implementation.



JULY 2024

The Company was listed on the Main Board of the Stock Exchange as the first stock in northwest property, the first state-owned Hong Kong stock in Xi'an and the first stock in western state-owned property.

SEPTEMBER 2024

The Company was awarded the "2024 China Leading Brand Enterprise of Property Service Professional Operation" and the "2024 China Outstanding Brand Enterprise of City Service".



Xi'an Kingfar Facilities and Equipment Intelligent Management Co., Ltd., a wholly-owned subsidiary of the Company, was recognised as a "National-level Science and Technology-Based Small and Medium-sized Enterprise".



The Company was awarded the "2024 Outstanding Residential Property Brand Enterprise".



OCTOBER 2024

The two Xi'an local standards, namely the "Cleaning Service Standards for Party and Governmental Organisations" and the "Meeting Service Standards for Party and Governmental Organisations", drafted by the Administration Region of the Company in conjunction with the Xi'an Municipal Organisations Service Centre, were approved by the Municipal Administration for Market Regulation for promulgation and implementation.



CHAIRMAN'S STATEMENT

Dear Shareholders,

Since the listing of our Company, thanks to your support and trust, the Company has been able to progress stably. At this moment, on behalf of all staff of the Group, I would like to express my sincere greetings and heartfelt gratitude to our customers, investors, Shareholders, partners and the community for their passionate care and firm support for our Group.

I. REVIEW OF 2024

In 2024, we forged ahead with our dreams in mind. In face of the complex and ever-changing market environment and fierce industry competition, all economic development personnel worked hard and steadily promoted the high-quality development of our Company with a spirit of hard work. During the year, we have witnessed numerous important milestones in the development history of our Company. On 3 July 2024, the Company successfully launched the Stock Exchange and was officially listed, starting a new chapter for the Company to enter the capital market. "The first stock in northwest real estate" and "the first stock in western state-owned real estate" have become a distinctive labels of our Company. On 20 September 2024, Xi'an Kingfar Facilities and Equipment Intelligent Management Co., Ltd., a wholly-owned subsidiary of the Company, was recognized as a "National-level Science and Technology-based Small and Medium-sized Enterprise" by the Department of Industry and Information Technology of Shaanxi Province. In addition, the Company has successively won honorary titles such as "Top 100 Satisfaction Leading Enterprises of Property Service in China", "Leading Brand Enterprise of Property Service Professional Operation in China", "Outstanding Brand Enterprise of Urban Service in China", as well as several awards such as "Top Ten Brand Property Service Enterprises for Residential Properties and Public Properties in Xi'an".

For 2024, the Group achieved a revenue of approximately RMB951.5 million, representing an increase of approximately 10.4% as compared with 2023; achieved a profit of approximately RMB61.1 million, representing an increase of approximately 19.8% as compared with 2023; profit attributable to the owners of the Group amounted to approximately RMB59.0 million, representing an increase of approximately 18.7% as compared with 2023.

1. Leading with Services to Drive High-quality Development of Enterprises

In 2024, the Group adopted a multi-pronged approach to construct and optimize the property service quality system comprehensively, demonstrate our emphasis on service with practical actions, and put the needs of owners at core as always. We focused on service improvement work in areas such as quality actions, contact point services, clean homes, service scenarios, environmental sanitation, quality inspections and complaint handling. By creating the "Neighbour Festival" community cultural activity IP, a warm and harmonious community atmosphere was built. We gained the trust and satisfaction of owners with high-quality services, truly implemented the service concept of "people-oriented, service first, attention to details and pursuit of perfection", with owners' life experience upgraded thoroughly.

2. Meticulous Investigation on Standards to Fully Empower Service Quality

In 2024, the Group strived to improve our service standard system, empowered service quality improvement with standards and returned to the origin of service, thus allowing owners to become the protagonists of quality life. As of 31 December 2024, a total of 267 company standards were established, including service provision standards and service guarantee standards. A total of 3 municipal local standards and 1 provincial standard application were compiled and issued.

Based on the digital management of intelligent properties, the Group integrated intelligent management concepts and smart devices into diversified service touchpoints, conducted service scenarios innovation and organizational management reconstruction, and realized a leap from "quality" to "intelligence" in the structural reform of the service supply side, which further upgraded our service quality.

3. Building a Business Matrix to Drive Sustainable Development

After years of exploration and development, the extension and core of the Group's services have been continuously expanding and deepening. The service formats have gradually extended from residential properties to administrative offices, commercial office buildings, hospitals, schools, industrial parks, etc.. The service content has also gradually extended from basic properties to diversified fields such as value-added services, intelligent facility and equipment management, catering, community retail, government services and urban services. An integrated and comprehensive business matrix system of the Group has been established, laying a solid foundation for its long-term development.

4. Optimizing Talent Layout to Build a Talent Ecosystem

In 2024, the Group continued to carry out talent inventory and identification work, vigorously cultivated a team of outstanding talents with reasonable structure and excellent quality and deeply optimized and improved the ecological environment for talent training. Relying on the "Elite Development Workshop" talent development system and utilizing the "Sprouts Program" and training camps for key positions as carriers, we have set up a variety of corporate training courses and talent development programs to ensure the healthy supply of the Group's reserve echelon and the overall improvement of the professional level of employees.

II. LOOKING AHEAD

Amidst the complex, ever-changing and challenging business environment nowadays, despite the difficult macroeconomic environment and extremely fierce market competition, the Group has always been courageous and resolute in proactively facing numerous challenges. In terms of strategy, we deeply implement the market-oriented development path, accurately anchor market trends and demands, and flexibly adjust business strategies. In terms of service areas, the Group upholds the utmost professionalism, elevates service to a strategic level, comprehensively optimizes service processes, strengthens service quality in multiple dimensions, and is committed to creating a service experience that exceeds customers' expectations. By utilizing services to cast brand reputation, we in turn use reputation to drive market expansion. In terms of core business development, we continue to put effort on consolidating and strengthening our core business advantages. Through measures such as technological innovation, process upgrades and management optimization, we enhance market competitiveness and profitability of our core business and ensure that the Group's leading position in the industry remains solid.

Meanwhile, with a far-sighted strategic vision, the Group is actively building a diversified business matrix, expanding business boundaries, dispersing operational risks, and seeking new growth poles. Under an era where technological wave is sweeping the world, we are vigorously promoting technological empowerment, actively introducing cutting-edge technological means, and deeply integrating business and technology to achieve a significant improvement in operational efficiency, innovative changes in service models, and a significant enhancement in product competitiveness.

Looking ahead, we will continue to cling to our original aspirations and forge ahead, move on to optimizing services, deepening core business advantages, expanding diversified businesses, and accelerating technological integration with firmer beliefs, more innovative minds and more powerful actions. We believe that with the unrelenting efforts and solidarity and cooperation of our staff, the Group will definitely forge ahead in the fierce market competition, overcome all the hard times, achieve sustainable and high-quality development, move towards higher goals, and composing a more glorious and splendid future chapter, thus creating richer value returns for the Shareholders, providing customers with more excellent and high-quality service entitlement, and contributing a more positive and powerful source of strength to society.

Wu Suozheng
Chairman of the Board
26 March 2025

FINANCIAL HIGHLIGHTS

	For the year ended 31 December	
	2024 RMB'000	2023 RMB'000
Revenue	951,527	862,247
Gross profit	143,220	118,036
Gross profit margin	15.1%	13.7%
Profit for the year	61,092	51,018
Net profit margin	6.4%	5.9%
Profit attributable to owners of the Company	59,031	49,726
Basic earnings per share (RMB per share)	1.01	0.99

For the year ended 31 December 2024, the total revenue of the Group was approximately RMB951.5 million, representing an increase of approximately 10.4% from approximately RMB862.2 million for the year ended 31 December 2023.

For the year ended 31 December 2024, the gross profit of the Group was approximately RMB143.2 million, representing an increase of approximately 21.4% from approximately RMB118.0 million for the year ended 31 December 2023. The Group's gross profit margin was approximately 15.1%, representing an increase of approximately 1.4% as compared with the gross profit margin of approximately 13.7% for the year ended 31 December 2023.

For the year ended 31 December 2024, the profit of the Group was approximately RMB61.1 million, representing an increase of approximately 19.8% from approximately RMB51.0 million for the year ended 31 December 2023.

As at 31 December 2024, the Group had a total contracted GFA of approximately 18.1 million sq.m., representing an increase of approximately 20.7% as compared with 31 December 2023.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: 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 as at the date of this annual report:

Business Lines	Major Services	Property Profile	Major Customers
City Services	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	
Residential Property Management Services	Basic property management services Value-added services	Residential properties	Property developers, property owners and residents
Commercial Property Management Services	Basic property management services Value-added services	Office buildings, industrial parks and factories	Property developers, property owners and tenants

As of 31 December 2024, the Group was contracted to provide public property management services, basic residential property management services and basic commercial property management services to 174 projects in China, with a total contracted GFA of 18.1 million sq.m. and a GFA under management of 17.3 million sq.m.

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 GFA under the Group's management for city services, residential property management services and commercial property management services by business line as of the dates indicated:

	As at 31 December			
	2024		2023	
	Number of projects	GFA under management sq.m.'000	Number of projects	GFA under management sq.m.'000
City services	99	6,206	88	4,396
Residential property management services	31	7,355	27	6,771
Commercial property management services	39	3,787	33	3,440
Total	169	17,348	148	14,607



MANAGEMENT DISCUSSION AND ANALYSIS

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 of 31 December 2024, the Group provided public property management services to 99 public properties with a total GFA under management of approximately 6.2 million sq.m.

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 2024; 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 2024.

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 2024, the Group provided basic residential property management services to 31 residential properties with a total GFA under management of approximately 7.4 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 2024, the Group provided basic commercial property management services to 39 commercial properties with a total GFA under management of approximately 3.8 million sq.m.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

In 2025, the Company aims for higher requirements for scale expansion and will continue to focus on “deepening property management and expanding urban services”, in particular in the Northwest China in order to strengthen its market position. The Company will adopt multiple expansion methods in parallel, mainly including joint ventures, mergers and acquisitions, and project expansion. In 2025, the Company will continue to analyze market demand in depth, explore blue ocean markets for diversified business operations, increase the bid winning rate, and expand the existing service scope.

Meanwhile, the Group will refine its standardized service system and optimize customer experience. The Group will also implement its market-oriented mode of development on a deeper level through an accurate grasp of market trends and needs as well as a flexible adjustment of its business strategies, in order to tap into diverse business segments and revenue sources, explore new business models, and achieve coordinated development of business and optimal allocation of resources.

The Group will further expand and optimize our professional development team, recruit professionals, participate in professional training specifically for the industry, and raise the professional standards of the development team. The Group will continue to build up brand reputation of the Company and leverage its brand image, in order to expand its property management services to other property projects. The Group will actively seek development opportunities brought by the expansion of business coverage of its parent company, Kingfar Holdings Group, actively participate in bidding, so as to expand its operational radius and ensure stable growth in scale.

FINANCIAL REVIEW

Revenue

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

	Year ended 31 December			
	2024		2023	
	RMB'000	%	RMB'000	%
City services	594,309	62.5	524,908	60.9
– Public property management services	327,703	34.4	259,982	30.2
– Municipal management services	191,857	20.2	187,344	21.7
– Municipal value-added services	74,749	7.9	77,582	9.0
Residential property management services	200,914	21.1	184,170	21.3
– Basic residential property management services	133,244	14.0	120,733	14.0
– Residential value-added services	67,670	7.1	63,437	7.3
Commercial property management services	153,056	16.1	149,844	17.4
– Basic commercial property management services	116,042	12.2	113,297	13.2
– Commercial value-added services	37,014	3.9	36,547	4.2
Others ^(Note)	3,248	0.3	3,325	0.4
Total	951,527	100.0	862,247	100.0

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue increased by approximately 10.4% from approximately RMB862.2 million for the year ended 31 December 2023 to approximately RMB951.5 million for the year ended 31 December 2024, mainly reflecting the following:

- (i) revenue from city services increased by approximately 13.2% from approximately RMB524.9 million for the year ended 31 December 2023 to approximately RMB594.3 million for the year ended 31 December 2024, 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 9.1% from approximately RMB184.2 million for the year ended 31 December 2023 to approximately RMB200.9 million for the year ended 31 December 2024, 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 2.2% from approximately RMB149.8 million for the year ended 31 December 2023 to approximately RMB153.1 million for the year ended 31 December 2024, 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 3.0% from approximately RMB3.3 million for the year ended 31 December 2023 to approximately RMB3.2 million for the year ended 31 December 2024, primarily due to the slight decrease in the number of vehicles leased.

Cost of Sales

The Group's cost of sales increased from approximately RMB744.2 million for the year ended 31 December 2023 to approximately RMB808.3 million for the year ended 31 December 2024 primarily due to the increase in the cost associated with the increase in 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 periods indicated:

	Year ended 31 December			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
City services	71,528	12.0	57,771	11.0
Residential property management services	39,136	19.5	26,995	14.7
Commercial property management services	31,523	20.6	32,668	21.8
Others	1,033	31.8	602	18.1
Total	143,220	15.1	118,036	13.7

The Group's gross profit increased by approximately 21.4% from approximately RMB118.0 million for the year ended 31 December 2023 to approximately RMB143.2 million for the year ended 31 December 2024, primarily due to the expansion of business of the Group.

The Group's gross profit margin for the year ended 31 December 2024 was 15.1%, representing an increase of 1.4% from 13.7% as compared with the year ended 31 December 2023, mainly reflecting the following:

- (i) gross profit for city services increased by approximately 23.8% from approximately RMB57.8 million for the year ended 31 December 2023 to approximately RMB71.5 million for the year ended 31 December 2024, mainly due to the increase in revenue and effective cost control measures adopted by the Group;

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) gross profit for residential property management services increased by approximately 44.8% from approximately RMB27.0 million for the year ended 31 December 2023 to approximately RMB39.1 million for the year ended 31 December 2024, primarily due to the increase in the GFA of residential projects under management with higher gross profit margins;
- (iii) gross profit for commercial property management services decreased by approximately 3.7% from approximately RMB32.7 million for the year ended 31 December 2023 to approximately RMB31.5 million for the year ended 31 December 2024, primarily due to the fact that certain industrial parks under management by the Group imposed on us certain high service requirements leading to the increase in staff costs; and
- (iv) gross profit for others (being rental income derived from leasing an investment property and certain vehicles owned by the Group) increased by approximately 66.7% from approximately RMB0.6 million for the year ended 31 December 2023 to approximately RMB1.0 million for the year ended 31 December 2024, primarily due to the decrease in costs of managing the leased vehicles.

Other Income

The Group's other income primarily consists of (i) interest income; (ii) government grants; and (iii) income from additional deduction on input VAT.

The Group's other income increased by approximately 123.7% from approximately RMB3.8 million for the year ended 31 December 2023 to approximately RMB8.5 million for the year ended 31 December 2024, primarily due to the increase in receipt of subsidies from the government.

Administrative Expenses and Research and Development Costs

Administrative expenses and research and development costs increased by approximately 23.1% from approximately RMB53.3 million for the year ended 31 December 2023 to approximately RMB65.6 million for the year ended 31 December 2024, primarily due to the increase in management expenses as a result from the increase in the business scale of the Group.

Impairment Losses on Trade and Other Receivables

Impairment losses on trade and other receivables increased by 192.3% from RMB3.9 million for the year ended 31 December 2023 to approximately RMB11.4 million for the year ended 31 December 2024, primarily due to the increase in trade receivables as a result of the increase in the business scale of the Group.

Finance Costs

Financial costs decreased by approximately 73.3% from approximately RMB1.5 million for the year ended 31 December 2023 to approximately RMB0.4 million for the year ended 31 December 2024, primarily due to the appreciation of the Hong Kong dollar against the Renminbi exchange rate and the exchange gains offset the financial costs.

Income Tax Expenses

Income tax expenses increased by approximately 9.0% from approximately RMB12.2 million for the year ended 31 December 2023 to approximately RMB13.3 million for the year ended 31 December 2024.

Profit for the Year

As a result of the foregoing, profit for the year increased by approximately 19.8% from approximately RMB51.0 million for the year ended 31 December 2023 to approximately RMB61.1 million for the year ended 31 December 2024.



MANAGEMENT DISCUSSION AND ANALYSIS

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 approximately 52.3% from approximately RMB62.9 million as at 31 December 2023 to RMB95.8 million as at 31 December 2024, primarily due to the fact that the purchased office building was converted into fixed assets during the year ended 31 December 2024 when it reached its intended use status.

As disclosed in the Prospectus, APAC Asset Valuation and Consulting Limited has valued the Group's investment property (i.e., a kindergarten within Baihualinju with a total gross floor area of approximately 3,078.59 sq.m.) as of 30 April 2024 and is of the opinion that the market value of such investment property in which we had an interest as of such date was RMB11.0 million.

The abovementioned investment property was valued on the basis of capitalization of the rental incomes as shown on the leasing agreements of the Company, and have not been stated at such valuation in the audited consolidated financial information in this annual report, if such investment property has been stated at such valuation, no additional depreciation for the year ended 31 December 2024 would be made.

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 and other receivables decreased from RMB262.3 million as at 31 December 2023 to RMB252.7 million as of 31 December 2024, primarily due to the decrease in other receivables as the listing expenses paid after the Listing offset the issuance premium.

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 21.1% from approximately RMB7.1 million as of 31 December 2023 to approximately RMB8.6 million as at 31 December 2024, mainly due to the increase in the utilities cost and purchase cost as a result of the increase in the GFA under management by the Group.

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 and other payables increased by approximately 6.6% from approximately RMB466.5 million as of 31 December 2023 to approximately RMB497.1 million as at 31 December 2024, 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 remained relatively stable as at 31 December 2023 and as at 31 December 2024, which was in the amount of RMB39.0 million and 37.3 million, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash at Bank and on Hand

The Group's cash at bank and on hand increased by approximately 65.1% from approximately RMB258.5 million as of 31 December 2023 to approximately RMB426.9 million as at 31 December 2024, primarily due to the net proceeds received by the Company from the Global Offering.

Net Current Assets

The Group's net current assets increased from approximately RMB18.4 million as at 31 December 2023 to approximately RMB148.5 million as at 31 December 2024, primarily attributable to (i) an increase in prepayments of approximately RMB1.5 million; (ii) an increase in cash at bank and on hand of approximately RMB168.4 million; and (iii) a decrease in contract liabilities of approximately RMB1.7 million.

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 and net proceeds received from the Global Offering. As at 31 December 2024, cash and cash equivalents of the Group amounted to approximately RMB424.5 million, 78.9% of which was denominated in RMB (31 December 2023: approximately RMB257.4 million). Going forward, the Group will closely monitor uses of cash and strive to maintain a healthy liquidity for its operations.

Bank Borrowings

As at 31 December 2024, the Group had no borrowings (31 December 2023: Nil).

Other Liabilities

As at 31 December 2024, the Group did not have other liabilities (31 December 2023: Nil).

Pledge of Assets

As at 31 December 2024, the Group did not have any pledged assets (31 December 2023: Nil).

Gearing Ratio

Gearing ratio is calculated based on the sum of interest-bearing borrowings as of the respective dates divided by total equity as of the same dates and multiplied by 100%. The Group's gearing ratio for the year ended 31 December 2024 was nil (31 December 2023: Nil).

Contingent Liabilities

As of 31 December 2024, the Group did not have any outstanding material contingent liabilities (31 December 2023: 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 RMB21.2 million for the year ended 31 December 2024 (for the year ended 31 December 2023: RMB51.3 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.



MANAGEMENT DISCUSSION AND ANALYSIS

Interest Rate Risk

The exposure of the Group to risk for changes in market interest rates relates primarily to its interest-bearing borrowings. 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.

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 that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method based on historical settlement records and forward-looking information. Thus, except for RMB11,004,000 (31 December 2023: RMB5,474,000) 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 of 0.5% for the Reporting Period.

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

The Company did not have any other significant investment or significant acquisition 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 2024, the Company did not have any future plans for material investments or additions of capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Subsequent Events after the Reporting Period

There were no material events undertaken by the Group subsequent to 31 December 2024 and up to the date of this annual report.

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 of 31 December 2024.

	% of the total net proceeds	Net proceeds from the Global Offering (HK\$ in millions)	Actual utilised amount as of 31 December 2024 (HK\$ in millions)	Unutilised amount as of 31 December 2024 (HK\$ in millions)	Expected timeline of full utilization
Selective acquisitions of other property management companies	53.8	48.7	–	48.7	By 31 December 2026
Purchase of new energy vehicles	20.6	18.6	–	18.6	By 31 December 2026
Further develop our smart property management systems	10.5	9.5	–	9.5	By 31 December 2026
Improve our human resource management	5.1	4.6	–	4.6	By 31 December 2026
Working capital	10.0	9.1	–	9.1	By 31 December 2026
Total	100.0	90.5	–	90.5	

The net proceeds have been and will be 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 of 31 December 2024, the Group had a total of 7,833 full-time employees in China (31 December 2023: 7,730). For the year ended 31 December 2024, the staff cost recognised as expenses of the Group amounted to approximately RMB527.5 million (for the year ended 31 December 2023: approximately RMB490.1 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 of 31 December 2024, there was no share incentive schemes 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.
- Our future growth may not materialize as planned, and any failure to manage our future growth effectively may have a material adverse effect on our business, financial position and results of operations.
- 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 not be able to maintain our historical growth rate and our results of operations from 2021 to 2023 may not be indicative of our future prospects and results of operations.
- 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 fail to diversify our customer base and we cannot guarantee that all of our contracted GFA will be timely or ultimately delivered pursuant to the relevant agreements we entered.
- 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.
- 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 24.49% and 36.32% 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 1.68% and 5.71% 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 AND SUPERVISORS

The Directors and Supervisors since the Listing Date 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)

Supervisors

Mr. Li Gang (李剛)
Mr. Bai Xiong (白雄)
Mr. Geng Hexiang (耿何翔)

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of our Directors, Supervisors and senior management of our Group are set out in the section headed “Directors, Supervisors 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 AND SUPERVISORS

Each of our Directors and Supervisors 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, and appointment of all Supervisors is effective from the respective appointment date until the expiry of the term of the second session of the Supervisory Committee, subject to the termination by no less than 30 days’ written notice served by either party. Both of the term of the second session of the Board and the Supervisory Committee are three years.

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

Save as disclosed above, none of the Directors or Supervisors 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’ AND SUPERVISORS’ INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No Directors, Supervisors or any entity connected with the Directors or Supervisors 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' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESSES

No Directors, Supervisors 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 and the Supervisors since the Listing Date. 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, the 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, (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 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 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.



REPORT OF THE BOARD

Our Directors estimate that the maximum annual fee in relation to the Greening Maintenance Services for each of the two years ending 31 December 2025 will not exceed 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 three years ended 31 December 2023;
- the prevailing market price for similar services;
- the estimated transaction amounts in relation to the Greening Maintenance Services to be recognized for the two years ending 31 December 2025 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 two years ending 31 December 2025.

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 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 Greening Maintenance Services Agreement is expected to be more than 0.1% but less than 5% on an annual basis and the total consideration is less than HK\$3,000,000, 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 2024, 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.

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

1. Catering Services

On 13 June 2024, our Company entered into a master catering services agreement (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.

Our Directors estimate that the maximum annual amount payable by Kingfar Holdings Group in relation to the Catering Services to be provided by our Group under the Master Catering Services Agreement for each of the two years ending 31 December 2025 will not exceed 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 2021 to 2023; (ii) the estimated demand from Kingfar Holdings Group for the two years ending 31 December 2025; 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 2024, the total amount of fees payable to our Group by Kingfar Holdings Group for provision of the Catering Services amounted to RMB6.4 million, which account for 0.7% of our total revenue.

2. *Parking Lots Entrusted Management Services*

On 13 June 2024, our Company entered into a master parking lots entrusted management services agreement (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.

Our Directors estimate that the maximum annual cap in relation to the Parking Lots Entrusted Management Services for each of the two years ending 31 December 2025 will not exceed 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;



REPORT OF THE BOARD

- 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 two years ending 31 December 2025.

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 2024, the total amount of fees payable by our Group to Kingfar Holdings Group under the Parking Lots Entrusted Management Services amounted to RMB1.6 million, which account for 0.2% 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 (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.

Our Directors estimate that the maximum annual amount payable by Kingfar Holdings Group in relation to the Property Management Services under the Master Property Management Services Agreement for each of the two years ending 31 December 2025 will not exceed RMB65.4 million and RMB69.2 million, respectively. The estimated increase in the annual caps for the Property Management Services as compared to the historical transaction amounts is primarily due to (i) the increase of property management service fees for the unsold property, which is consistent with the fee for similar services in the market, (ii) the estimated increase in the number of properties for which we will be engaged to provide Property Management Services.

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

- the historical transaction amounts during the three years ended 31 December 2023;
- the estimated transaction amounts in relation to the Property Management Services for the two years ending 31 December 2025 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 two years ending 31 December 2025, which is based on the GFA and number of properties under development and the delivery schedule of Kingfar Holdings Group. It is anticipated that we may be engaged by Kingfar Holdings Group to provide the Property Management Services for an additional total GFA of approximately 0.6 million sq.m. and 0.8 million sq.m., deriving from five and eight projects, respectively, for each of the two years ending 31 December 2025;
- 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 2024, the total amount of fees payable to our Group by the Kingfar Holdings Group for provision of the Property Management Services amounted to RMB52.0 million, which account for 5.5% 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.

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;



REPORT OF 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.

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', SUPERVISORS' 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 2024, none of the Directors, the Supervisors 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.

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 2024, 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 ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Unlisted Domestic Shares/ H Shares ⁽³⁾	Approximate percentage in the total issued capital of the Company ⁽³⁾
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 ⁽⁴⁾	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 ⁽⁵⁾	H Shares	4,391,100 (L)	26.35%	6.59%
Xinfuyuan Technology Co., Ltd.* (鑫富源科技有限公司)	Beneficial owner	H Shares	2,112,000 (L)	12.67%	3.17%
Liao Huixia (廖慧霞)	Interest in a controlled corporation ⁽⁶⁾	H Shares	2,112,000 (L)	12.67%	3.17%
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%

REPORT OF THE BOARD

Name of Substantial Shareholder	Nature of Interest	Description of Shares ⁽²⁾	Number of Shares ⁽¹⁾	Approximate percentage of shareholding in the Unlisted Domestic Shares/ H Shares ⁽³⁾	Approximate percentage in the total issued capital of the Company ⁽³⁾
Ding Huaming (丁華明)	Interest in a controlled corporation ⁽⁷⁾	H Shares	1,463,700 (L)	8.78%	2.20%
Ju E Trading Group (Hong Kong) Co., Ltd.* (聚鱷貿易集團(香港)有限公司)	Beneficial owner	H Shares	1,452,000 (L)	8.71%	2.18%
Pan Zhixiong (潘智雄)	Interest in a controlled corporation ⁽⁸⁾	H Shares	1,452,000 (L)	8.71%	2.18%
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 2024, which consists of 50,000,000 Unlisted Domestic Shares and 16,666,800 H Shares.
- (4) As of 31 December 2024, 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 2024, 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 2024, Xinfuyuan Technology Co., Ltd.* (鑫富源科技有限公司) was wholly owned by Liao Huixia. By virtue of the SFO, Liao Huixia was deemed to be interested in the Shares held by Xinfuyuan Technology Co., Ltd.* (鑫富源科技有限公司).
- (7) As of 31 December 2024, 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).
- (8) As of 31 December 2024, Ju E Trading Group (Hong Kong) Co., Ltd.* (聚鱷貿易集團(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 Ju E Trading Group (Hong Kong) Co., Ltd.* (聚鱷貿易集團(香港)有限公司).

Save as disclosed above, as of 31 December 2024, 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

There was no donation made by the Group during the Reporting Period.

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.

DISTRIBUTABLE RESERVES

As of 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB115.4 million.

USE OF PROCEEDS FROM THE LISTING

Details of the Group's use of proceeds from the Listing as at 31 December 2024 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 2024, 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) since the Listing Date and up to 31 December 2024.

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 as required under the Listing Rules.

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.



REPORT OF THE BOARD

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 2024 and up to the date of this report.

AUDITOR

KPMG has audited the consolidated financial statements for the year ended 31 December 2024. The resolution on the re-appointment of KPMG as the auditor of the Company will be proposed at the 2024 AGM for approval. There has been no change in auditors since the Listing Date.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2024 annual general meeting of the Company (“**2024 AGM**”) will be held on Wednesday, 18 June 2025. Shareholders should refer to details regarding the 2024 AGM in the circular to be published onto the websites of the Stock Exchange and the Company and the notice of meeting and form of proxy accompanying therewith.

For determining the entitlement to attend and vote at the 2024 AGM to be held on Wednesday, 18 June 2025, the register of members of the Company will be closed from Friday, 13 June 2025 to Wednesday, 18 June 2025 (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 2024 AGM, all transfer documents accompanied by the relevant share certificates 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 Thursday, 12 June 2025 (Hong Kong time). The record date for determining the eligibility of Shareholders who are entitled to attend and vote at the 2024 AGM is Wednesday, 18 June 2025.

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, 26 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company strictly complied with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, relevant laws and regulation (the **"Relevant Laws and Regulations"**), and the Articles of Association of the Company. With a focus on safeguarding the interests of the Company and its shareholders, the Supervisory Committee diligently fulfilled its duties, independently exercised its rights pursuant to the laws, supervised the Company's standardized operations, and fully performed its supervisory functions over the Directors and senior management to protect the rights and interests of the Company and its shareholders.

Members of the Supervisory Committee

As of 31 December 2024, the Supervisory Committee consists of three members, of which there is one president of the Supervisory Committee, one Supervisor and one employee representative Supervisor. The term of office of Supervisors shall be three years, renewable upon re-election after the expiry of their term.

The composition of the Supervisory Committee of the Company is as follows:

Name	Position
Mr. Li Gang (李剛)	President of the Supervisory Committee
Mr. Bai Xiong (白雄)	Supervisor
Mr. Geng Hexiang (耿何翔)	Employee representative Supervisor

Supervisory Committee's Work in 2024

During the year ended 2024, the Supervisory Committee has actively fulfilled its oversight responsibilities, monitoring the Board's implementation of shareholders' resolutions and the Directors' discharge of fiduciary duties. The Supervisory Committee confirmed that the senior management diligently implemented resolutions passed by the Board and major operational management meetings, fulfilled its responsibilities to ensure the Company's compliance with the Relevant Laws and Regulations.

The Supervisory Committee convened 3 Supervisors' meetings, attended 3 Shareholders' Meetings, and 6 Board meetings. The procedures for convening and conducting these meetings complied with the Company Law, the Articles of Association, and the Rules of Procedure for the Supervisory Committee. The details are as follows:

No.	Meeting Session	Date	Contents of Deliberation
1.	Second session of the second Supervisory Committee	2 April 2024	1. Proposal on Exempting the Notice Period for the Second Session of the Second Supervisory Committee 2. Proposal on Re-electing the Chairman of the Second Session of the Second Supervisory committee
2.	Third session of the second Supervisory Committee	26 August 2024	1. The Company's 2024 Interim Results Announcement
3.	Fourth session of the second Supervisory Committee	14 October 2024	1. Proposal on Comprehensive Credit Line (Payment Agency Services) with China Merchants Bank



REPORT OF THE SUPERVISORY COMMITTEE

Supervisory Committee's Opinions in 2024

Legal Compliance of the Company

During the year ended 2024, the company operated in compliance with the Relevant Laws and Regulations and the Articles of Association of the Company. During the reporting period, the Supervisory Committee supervised the Company's operations by convening supervisory meetings, attending Board meetings, and participating in Shareholders' Meetings. The Supervisory Committee is of the view that the Company's decision-making processes complied with legal and regulatory requirements and the Articles of Association, a sound internal control system was in place, and information disclosure was timely, accurate, and complete. The Supervisory Committee also believes that the Directors and senior management have diligently performed their duties and conscientiously implemented the Company's decisions, and is not aware of any acts in violation of laws and regulations or detrimental to the interests of the Company.

Inspection of Company's Financial Status

The Supervisory Committee carefully reviewed the Company's financial status, financial management, and operational results. It is of the view that the Company's financial management is sound and well-regulated, and the financial statements accurately presents the Company's financial position, operational results and cash flows. The Company has complied with the Accounting Law of the People's Republic of China and China Accounting Standards for Business Enterprises without material misstatements, misleading information, or omissions.

Implementation of Shareholders' Resolutions

The Supervisory Committee oversaw the implementation of shareholders' resolutions and confirm that the Board fully implemented all shareholders' resolutions without harming shareholders' interests.

Establishment and Implementation of Information Disclosure Management Regime

The Supervisory Committee examined the Company's compliance with information disclosure requirements and is of the view that, the Company fulfilled its disclosure obligations in a timely and accurate manner, no delays in submitting or publishing periodic reports or announcements were identified, and no false records, misleading statements, or material omissions were detected.

Raised Funds Storage and Utilization

The Company strictly adhered to the Relevant Laws and Regulations, and the Raised Funds Management Measures (《募集資金管理制度》) in storing and utilizing the raised funds, with no irregularities identified.

2025 Working Plans

In 2025, the Supervisory Committee will continue to fulfill its supervisory responsibilities in accordance with the Relevant Laws and Regulations, the Articles of Association of the Company, and the Rules of Procedure for the Supervisory Committee (《監事會議事規則》). It will focusing on the Company's financial status and material matters, supervising the performance of Directors and senior management, strengthening risk prevention awareness and improving the corporate governance structure to protect the rights of investors, particularly minority shareholders. In addition, the Supervisory Committee will enhance its capabilities through trainings in laws, regulations, corporate governance, and financial management to improve its supervisory functions.

President of the Supervisory Committee

Li Gang

26 March 2025

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 since the Listing Date and up to 31 December 2024.

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 since the Listing Date and up to the date of this report is as follows:

Executive Directors

Mr. Wu Suozheng (吳鎖正) (Chairman)
Mr. Sun Qi (孫琦)
Mr. Cheng Hongrang (成宏讓)

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 are set out in the section headed "Directors, Supervisors 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, supervisors, 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. All of the Directors were appointed as a Director and each of the Directors has confirmed that he/she obtained the legal advice on 25 June 2023 with regards to the requirements under the Listing Rules that are applicable to him/her as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange as set out in Rule 3.09D of the Listing Rules and he/she understood his/her obligations as a director of a listed issuer.



CORPORATE GOVERNANCE REPORT

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 since the Listing Date and up to 31 December 2024.

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. Since the Listing Date 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. 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 ^(Note)
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 two meetings, with major works including: (i) reviewing the interim results for the six months ended 30 June 2024; and (ii) reviewing and discussing the risk management and internal control systems of the Group.

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.

CORPORATE GOVERNANCE REPORT

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.

The Company was listed on the Main Board of the Stock Exchange on 3 July 2024, and therefore, no meeting has been held by the Remuneration Committee during the Reporting Period.

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.

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.

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 6 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	3/3	6/6	–	–	1/1
Mr. Sun Qi	3/3	6/6	–	–	–
Mr. Cheng Hongrang	3/3	6/6	–	–	–
Mr. Zhao Junping	3/3	6/6	–	–	–
Mr. Yang Gang	3/3	6/6	2/2	–	–
Ms. Li Lingxiao	3/3	6/6	–	–	–
Mr. Lam Siu Wing	3/3	6/6	2/2	–	–
Dr. Jiang Li	3/3	6/6	–	–	1/1
Mr. Cao Yang	3/3	6/6	2/2	–	1/1

Note: The Company was listed on the Main Board of the Stock Exchange on 3 July 2024, and therefore, the Remuneration Committee did not hold any meeting during the Reporting Period.

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. As the Company was listed on the Main Board of the Stock Exchange on 3 July 2024, the Chairman did not hold any separate meeting with the independent non-executive Directors during the Reporting Period.

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.

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 from time to time to ensure its continued effectiveness.

2. Employee Diversity

The Group encourages gender diversity across its workplace. We maintain a 52.1:47.9 ratio of males to females in the workforce as at 31 December 2024. 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.

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;



CORPORATE GOVERNANCE REPORT

- 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.

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. Our past joint company secretary, Ms. Fung Po Ting (馮寶婷), resigned as the joint company secretary of the Company with effect from 26 August 2024. Please refer to the announcement of the Company dated 26 August 2024 for details.

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 since the Listing Date and up to 31 December 2024. No incident of non-compliance of the Model Code by the employees was identified by the Company since the Listing Date and up to 31 December 2024.

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), in which it 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.

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 adequate and effective 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.

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.



CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

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

Services provided by the auditor	Amount RMB'000
Audit services	2,150
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, Supervisory Committee 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, 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

ARTICLES OF ASSOCIATION

The Company has not amended the Articles of Association since the Listing Date and up to 31 December 2024. The latest version of the Articles of Association is available on the Company's website (www.xajfwy.com) and the website of the Stock Exchange (www.hkexnews.hk).

DIVIDEND POLICY

The Company currently does not set any pre-determined dividend payout ratio. The payment and amounts of dividends (if any) depend on our results of operations, cash flows, financial position, statutory and regulatory restrictions on the dividend paid by us, future prospects and other factors which we consider relevant. The declaration, payment and amount of dividends will be subject to our discretion. The proposed payment of dividends is also subject to the absolute discretion of the Board, and any declaration of final dividend for the year will be subject to the approval of the Shareholders.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

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, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS

Executive Directors

Mr. Wu Suozheng (吳鎖正) (“Mr. Wu”), aged 56, 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, human resources and finance.

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).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Sun Qi (孫琦) (“Mr. Sun”), aged 43, 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 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).

Mr. Cheng Hongrang (成宏讓) (“Mr. Cheng”), aged 51, 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. Since August 2006, Mr. Cheng has been serving 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.

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, SUPERVISORS AND SENIOR MANAGEMENT

Non-executive Directors

Mr. Zhao Junping (趙軍平) ("Mr. Zhao"), aged 48, 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. Since October 2017, he has been serving 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. Since November 2022, he has been serving 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.

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 40, 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.

Ms. Li Lingxiao (李凌霄) ("Ms. Li"), aged 36, 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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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 64, 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 advice 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 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 manufacturer of animal additives, which is listed on the Shanghai Stock Exchange (stock code: 600299).



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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 50, 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 69, 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).

Mr. Cao obtained his diploma in nursing from Xi'an Jiaotong University Health Science Center (西安交通大學醫學院) (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.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

SUPERVISORS

Mr. Li Gang (李剛) (“Mr. Li”), aged 54, was appointed as our Supervisor and the president of the Supervisory Committee on 2 April 2024, primarily responsible for presiding the work of the Supervisory Committee, supervising the Board and senior management of our Group.

From August 1988 to 1997, Mr. Li successively served various positions with his last position as the director of the financial department at Xi'an Daqing Pharmaceutical Factory (西安大慶製藥廠), a pharmaceutical factory. From February 1997 to 2003, he successively served as a project manager and department deputy manager at Xi'an Xigema Certified Public Accountants Firm (西安希格瑪會計師事務所), an accounting firm. From January 2004 to April 2007, he successively served various positions at Kingfar Group with his last position as a deputy director of the accounting department, where he was primarily responsible for its daily financial operations and assisting in the department management. From April 2007 to September 2010, he served as the financial director at Kingfar Real Estate, a wholly owned subsidiary of Kingfar Group principally engaged in property development, where he was primarily responsible for its financial management. From September 2010 to June 2011, Mr. Li served as the financial director at Xi'an But'one Information Corporation (西安博通資訊股份有限公司) (formerly known as Xi'an Jiaoda But'one Information Corporation (西安交大博通資訊股份有限公司)), a company principally engaged in software development and information technology business whose shares are listed on the Shanghai Stock Exchange (stock code: 600455) with Kingfar Group being its single largest shareholder, where he was primarily responsible for the overall financial management. From July 2011 to April 2013, he served as the financial director at Xi'an Caotan Group Co., Ltd. (西安草灘集團有限公司) (formerly known as Xi'an Modern Agricultural Comprehensive Development Corporation (西安現代農業綜合開發總公司)), a company principally engaged in agriculture, where he was primarily responsible for its overall financial management. From April 2013 to August 2023, he served as the financial director at Kingfar Properties, a property developer owned as to 70% by Kingfar Group and 30% by Kingfar Real Estate, where he was primarily responsible for daily and business management of the financial department. Since August 2023, he has been serving as the director of the capital and financial department of Kingfar Holdings and Kingfar Group, where he is primarily responsible for the financial accounting.

Mr. Li obtained his bachelor's degree in economics from School of Economics and Finance of Xi'an Jiaotong University (西安交通大學經濟與金融學院) (previously known as Shaanxi Institute of Finance and Economics (陝西財經學院)) in the PRC in December 1993. He obtained his master's degree in business management from PolyU in Hong Kong in October 2014. He was certified as a Senior Accountant (高級會計師) by Shaanxi Provincial People's Government (陝西省人民政府) in December 2005.

Mr. Bai Xiong (白雄) (“Mr. Bai”), aged 37, was appointed as our Supervisor on 28 December 2020, primarily responsible for supervising the Board and senior management team of our Group.

From September 2010 to February 2012, Mr. Bai worked at the Xibu Airport General Hanzhong Airport Co., Ltd. (西部機場集團漢中機場有限責任公司), an air freight company. From April 2016 to August 2021, he served as a management staff at Party-masses work department and administrative department of Kingfar Group, where he was primarily responsible for administrative and CPC Party related work. Since June 2020, he has been serving as a supervisor of Kingfar Holdings, where he was primarily responsible for supervising its board and senior management. Since September 2021, he has been serving as a deputy principal of Party-masses general affairs department (黨群綜合部副部長) at Kingfar Holdings, where he has been primarily responsible for the execution of CPC committee related matters.

Mr. Bai obtained a bachelor's degree in Journalism from Northwest University of Political Science and Law (西北政法大學) in the PRC in July 2010.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Geng Hexiang (耿何翔) (“Mr. Geng”), aged 42, was appointed as our Supervisor on 24 December 2020, primarily responsible for supervising the Board and senior management team of our Group.

Mr. Geng joined our Group in April 2007 and served consecutively as a cashier and accountant at our Company, where he was primarily responsible for the management of receipt and payment, company’s management account and reimbursement until April 2011. From May 2011 to February 2012, he served as a customer service manager at Baihualinju property service center (白樺林居物業服務中心) of our Company, where he was primarily responsible for property management and customer service. From February 2012 to April 2018, he served successively as an assistant to the manager and a deputy manager of the quality management department of our Company, where he was primarily responsible for quality control and supervision and assisting with coordination and management of various departments. From April 2018 to September 2020, he served as a manager of the risk management department of our Company, where he was primarily responsible for coordination and management of various departments and overseeing risk control, legal and safety productions. From October 2020 to June 2021, he served concurrently as a manager of the risk management department and the quality management department, where he was primarily responsible for coordination and management of various departments and overseeing risk control, legal and safe production matters. From June 2021 to March 2024, he served as a manager of the enterprise management and quality department of our Company, where he was primarily responsible for coordination and management of various departments and overseeing quality and risk control, legal, safe production and performance appraisal matters. Since March 2024, he has been serving as a manager of audit and legal department of our Company, where he has been primarily responsible for internal compliance and audit, risk management and leading legal affairs.

Mr. Geng obtained a bachelor’s degree in management from Xi’an University of Finance and Economics (西安財經大學) (previously known as Xi’an College of Finance and Economics (西安財經學院)) in the PRC in June 2006 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 December 2023. He was certified as a Property Manager (物業管理師) 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 September 2011. He was recognized as a Corporate Chief Quality Officer (企業首席品質官) by Shaanxi Quality and Technology Evaluation Center (陝西省品質技術評審中心) in October 2014. He was recognized as a Certified Safety Engineer 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 State Administration of Work Safety (國家安全生產監督管理總局) in October 2017. He was also certified as a fire protection facilities operator (消防設施操作員) by Fire Protection Industry Occupational Skill Testing and Guidance Authority (消防行業職業技能鑒定指導中心) in May 2021.

SENIOR MANAGEMENT

Mr. Wang Gang (王剛) (“Mr. Wang”), aged 56, was appointed as our deputy general manager on 20 April 2009, primarily responsible for the operation and management of property management projects for high-end residential properties of our Group.

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.

DIRECTORS, SUPERVISORS AND SENIOR 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 46, was appointed as our deputy general manager on 14 April 2009, primarily responsible for operation and management of municipal administrative services projects of our Group.

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).

Mr. Ren Baobin (任寶斌) ("Mr. Ren"), aged 50, was appointed as our deputy general manager on 26 June 2015, primarily responsible for operation and management of property management projects for residential properties, office buildings, universities, schools and industrial parks of our Group.

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.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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. Wang Lipeng (王力鵬), aged 51, was appointed as our deputy general manager on 28 December 2020, primarily responsible for management of quality system of our Group.

Mr. Wang Lipeng 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.

Prior to joining our Group, from October 2000 to June 2010, Mr. Wang Lipeng 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 Lipeng 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體系內部審核員培訓課程) 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).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Xu Fei (徐飛) (“Mr. Xu”), aged 41, was appointed as our financial director on 6 March 2023, primarily responsible for the overall financial management of our Group.

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.

Ms. Zhu Ke (朱可) (“Ms. Zhu”), aged 43, 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 administrative affairs and office management of our Group.

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 editing and reviewing articles and reports.

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.

Mr. Li Xiuyuan (李修遠), aged 37, 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.

Upon joining our Group in July 2013, Mr. Li Xiuyuan 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 Xiuyuan 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.



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

JOINT COMPANY SECRETARIES

Mr. Li Xiuyuan (李修遠), aged 37, 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 2024 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 2024 to 31 December 2024 (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 Rules Governing the Listing of Securities (the “**Listing Rules**”) 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 (the "**Board**") is responsible for the authenticity, accuracy and completeness of the contents of this report.

Access to the Report

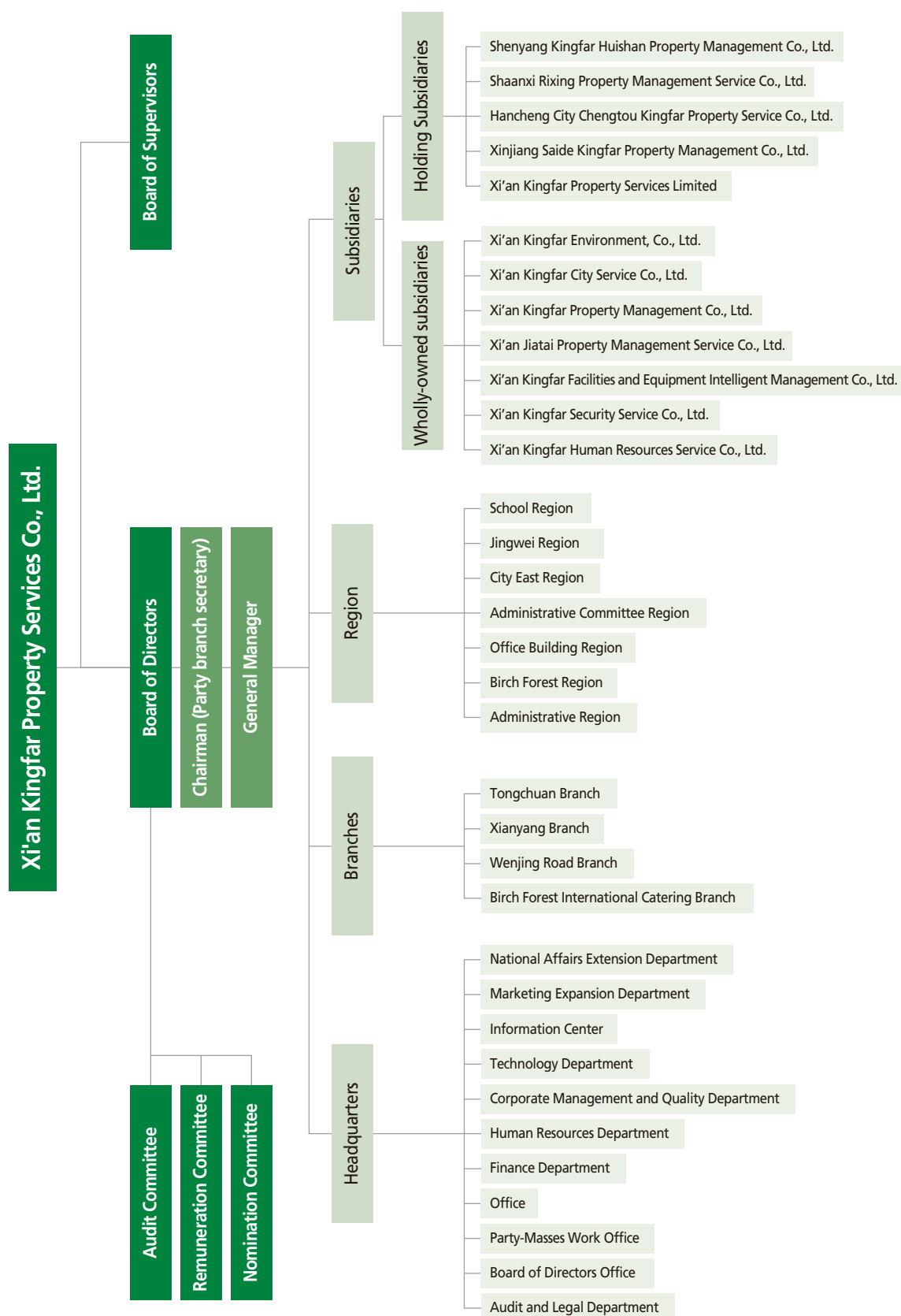
This Report is available for review and download from the HKEx website (www.hkexnews.hk) and the Company's website (www.xajfwy.com).

ABOUT US

Company Profile

Kingfar Property is a comprehensive service enterprise with property management services as its foundation and serves by leveraging the medium of information service platform and through the means of smart technology. Headquartered in Xi'an, Shaanxi Province, Kingfar Property is a holder of the national first-class property management qualification. Since its establishment in 2000, the Company has always upheld its corporate mission of "making unremitting efforts for your quality life". It remains dedicated towards the business philosophy of "adopting scientific and standardized style of management and capitalizing on talents to achieve enterprise success; building its brand upon services and seeking development through innovation". Adhering to its strategic policy of "deepening the development of high-end residential properties and developing administrative offices", the Company remains committed to its development vision of "becoming an outstanding property service company in China". It has won numerous accolades such as "Top 100 Property Service Enterprises in China", "National Sample Company of China's Property Management", "Outstanding Property Management Service Provider in China", "Shaanxi Province Service Brand", "Xi'an City Service Brand", and "Xi'an Businesses with Outstanding Integrity". The Company has five times topped the Xi'an Property Enterprise Credible Information Ranking for three consecutive years. The type of management projects it handles spans across diverse business settings, ranging from government buildings, educational institutions, hospitals, residences, office buildings to industrial parks and factories, providing quality services to more than 100,000 business owners and full-process consultation services to various high-quality properties.

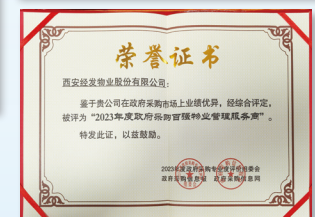
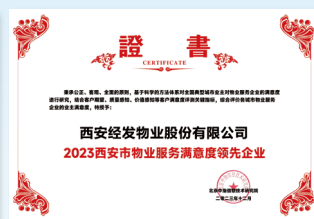
Organizational structure



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Corporate Awards

Names of Awards	Issued by
Quality, Safety and Integrity Company	Shaanxi Province Culinary and Catering Industry Association
Shaanxi Province Property Services Market Leader in 2023	China Index Academy
Xi'an's Leading Property Service Satisfaction Company in 2023	China Index Academy
High-tech Enterprise	Office of the National High-tech Enterprise Certification Management Leading Group, Shaanxi Provincial Department of Science and Technology, Shaanxi Provincial Department of Finance, State Administration of Taxation Shaanxi Provincial Taxation Bureau
Shaanxi Public Welfare Image Property Company in 2023	Shaanxi Province Hope Project Public Welfare Guidance Center
Advanced Company for People's Livelihood Service Guarantee in 2023	CPC Xi'an Weiyang District Caotan Subdistrict Working Committee
Top 100 Property Management Service Providers for Government Procurement	2023 Government Procurement Professionalism Rating Committee
2023 Outstanding Member Company	Xi'an Property Management Association
Red Property Exemplary Enterprise	Xi'an Housing and Urban-Rural Development Bureau
China Top 100 Property Service Companies in 2024	China Index Academy
China's Top 100 Property Service Satisfaction Leaders in 2024	China Index Academy



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Names of Awards	Issued by
Top 100 Chinese Property Service Companies with Comprehensive Strength in 2024	China Property Think Tank
China Property Services Northwest Top 20 List in 2024	China Property Think Tank
Top 50 Chinese State-Owned Enterprises in the Real Estate Industry in 2024	China Property Think Tank
Advanced Unit in Network Security Work	Xi'an Public Security Bureau Economic and Technological Development Zone Branch
Shaanxi Province Property Service Quality Leading Enterprise in 2024	China Index Academy
China's Leading Brand Enterprise in Professional Property Service Operation in 2024	China Index Academy
China's Outstanding Urban Service Brand Enterprise in 2024	China Index Academy
National-level Technology-based Small and Medium-sized enterprises	Shaanxi Provincial Department of Industry and Information Technology
Top 10 Property Service Companies in Xi'an's Public Property Sector in 2024	China Property Think Tank
Top 10 Property Service Companies in Xi'an Residential Properties in 2024	China Property Think Tank
Outstanding Residential Property Brand Enterprise in 2024	Shaanxi Property Management Association





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SUSTAINABILITY MANAGEMENT

Board Statement

The Board believes that promoting sustainable development is as important as achieving long-term business growth. Therefore, we 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 and the Sustainability Reporting Standards issued by the Global Reporting Initiative 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.

The Company's ESG policy aims to identify and discover ESG and climate-related risks in advance so that the Company can take necessary preventive measures ahead of time to reduce risks and minimize losses. For risks that have occurred, the Company will first try to control the scope and number of people or assets affected, and then take remedial measures to control the losses caused by such risks.

The Company's ESG and climate-related risk management follows the procedures of risk assessment, risk monitoring, risk reporting, early warning, crisis handling and post-improvement. For relevant issues discovered during the management process, the Company will actively resolve the problems by consulting with third parties and fully adopting the opinions of all parties.

The Company and the Board strictly abide by laws and regulations, carry out corporate governance to effectively safeguard the rights and interests of stakeholders in accordance with the requirements of Appendix C1 (Corporate Governance Code) of the Listing Rules. The Board provides overall leadership and oversight for all important matters of the Company, including ESG strategy formulation and reporting, regularly monitors the Company's ESG issues, performance, climate risks and opportunities, and regularly reviews, discusses and approves the Group's ESG governance policies, strategies and risks.

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Managers of each department are responsible for implementing ESG management strategies and identifying, reporting, discussing and analyzing major ESG risks and opportunities facing the department to assist us in actively fulfilling our social responsibilities, assuming environmental obligations and striving to contribute to the country's sustainable development. Kingfar Property meticulously combs through the relationship between the Sustainable Development Goals (SDGs) and the Company's business, evaluates the relevance of various businesses to stakeholder concerns, and combines the characteristics of the Company's own upstream and downstream supply chain with the property management industry to make practical efforts towards integrating SDGs into the Company's core business.

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.

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:

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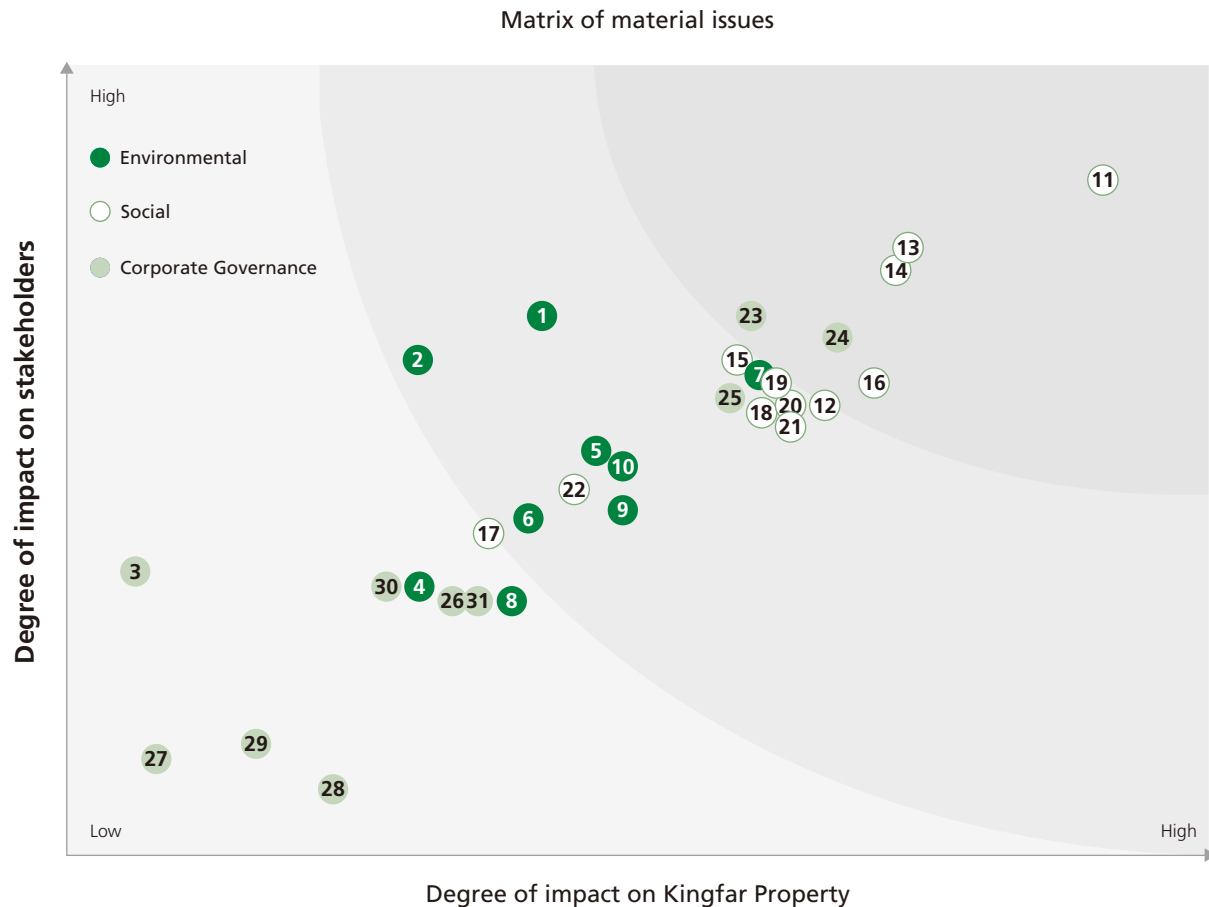
Table: Communication channels with and issues of concern to key stakeholders

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

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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 31 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.



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 in the following areas.

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Table: Order of material issues

Level of materiality	Issue no.	Name of issue	Scope
Issues of high materiality	11	Employee benefits and compensation	Social
	13	Employee's health and safety	Social
	14	Labor management	Social
	24	Anti-corruption and anti-money laundering	Corporate Governance
	16	Standards of supply chain human resources	Social
	23	Business compliance and standardization	Corporate Governance
Issues of moderate materiality	19	Product and service quality	Social
	15	Supply chain management	Social
	7	Hazardous gas and waste emissions	Environmental
	12	Employee benefits and compensation	Social
	20	Intellectual property protection	Social
	21	Information security	Social
	18	Property owner's health and safety	Social
	25	ESG regulation	Corporate Governance
	1	Carbon emission	Environmental
	10	Renewable Energy	Environmental
	5	Pressure of water resource	Environmental
	2	Carbon Footprint of product	Environmental
	9	Green ecological building	Environmental
	22	Charity and community service	Social
	6	Biodiversity and land use	Environmental
Issues of low materiality	17	Community relations	Social
	8	Clean energy technology	Environmental
	26	ESG risk management	Corporate Governance
	31	Disclosure transparency	Corporate Governance
	4	Awareness of vulnerability to climate change	Environmental
	30	Tax transparency	Corporate Governance
	3	The impact of the environment on finance	Corporate Governance
	28	ESG issues-related communication	Corporate Governance
	29	ESG information disclosure	Corporate Governance
	27	Board diversity	Corporate Governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



PROFESSIONAL SERVICE AND DEDICATION TO QUALITY

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 Xi'an City's local standard "Green Campus Property Service Specifications" edited by our wholly-owned subsidiary Jingjian Property has been approved by the Market Supervision Administration for promulgation and implementation. The certification scope of quality, environment, occupational health and safety management systems (ISO 9001, ISO 14001, ISO 45001) has been expanded to include the hospital's property management services and related management activities. Two Xi'an City's local standards, including "Standards for Cleaning Services for Party and Government Agencies" and "Standards for Conference Services for Party and Government Agencies", drafted by the Company's administrative region and the Xi'an Government Affairs Service Center, have been approved and promulgated by the Municipal Market Supervision Administration. The public consultation has been completed for the Shaanxi Provincial Local Standard "Property Service Specifications for Primary and Secondary Schools", of which the Company declared to be the chief editor. As of the end of 2024, Kingfar Property has issued 6 local standards for Xi'an City and participated in the declaration for 1 provincial local standard.

In addition to formulating new service standards, Kingfar Property also endeavors to improve existing corporate standards and continuously update service and safety specifications. On the basis of the original corporate standard construction, it revised 19 standards including "Bidding Management Measures", "Service Quality Inspection Management Measures", "Fire Safety Management Standards", "Safety Assessment and Reward and Punishment Management System", "Production Safety Responsibility System Management Measures", and "Cleaning and Order Maintenance Service Outsourcing Management Measures". At the same time, according to the needs of corporate development, it newly formulated 8 standards including "Business Outsourcing Restaurant Management Measures", "Restaurant Facilities and Equipment Management Measures", and "Public Area Pipeline and Manhole Management Measures".

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 of the People's Republic of China". In order to effectively improve customer satisfaction, Kingfar Property has formulated detailed customer service processes in its operations, ranging from complaints, follow-up visits, satisfaction and emergency plans to effectively improve customer satisfaction. During the Reporting Period, Kingfar Property completed its annual third-party service satisfaction survey. The survey revealed that the owner satisfaction rate was 99.5%, and the satisfaction score of the Group's real estate sector stood at 98.9.

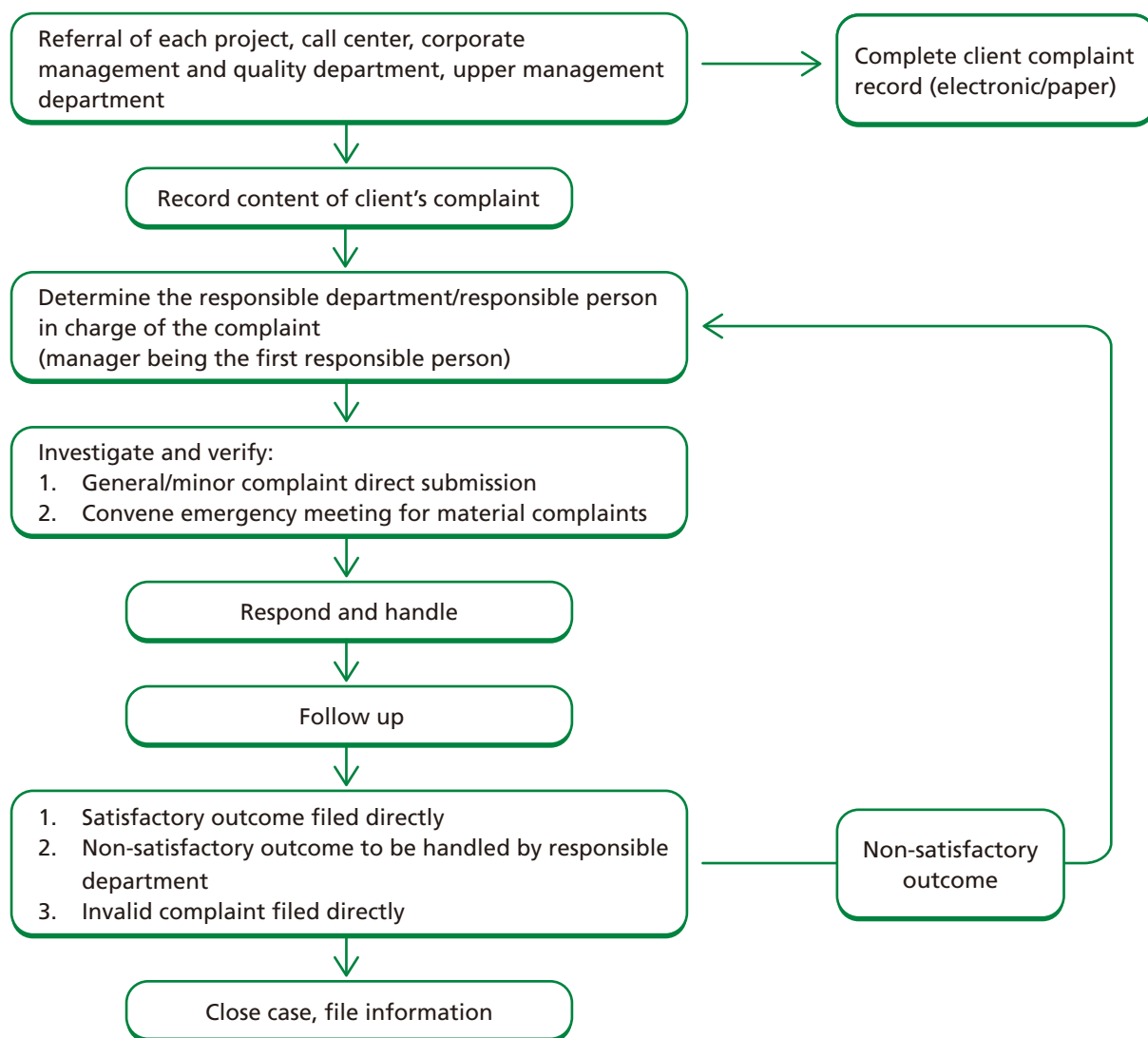
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Service complaints are inevitable. In order to respond to customer complaints and follow up on the handling in a timely manner, Kingfar Property has established a complaint feedback mechanism. Subject to the department and person in charge of complaint handling, the Company urges the responsible department to investigate and verify the claims, and determine the validity of the complaint content and the response method. If the complaint is caused by the quality of service provided by the property itself, the responsible department will actively rectify it and relay the outcome as feedback to the complainant, resolve it as soon as possible and meet the owner's demands. Finally, the staff in charge will pay a return visit to the complainant.

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Customer complaint handling workflow



A robust customer communication mechanism can effectively improve the complaint resolution rate of Kingfar Property, and the complaint follow-up mechanism ensures that trail records of work are well documented for easy traceability. 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.

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

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.

Regular inspection to nip problems in the bud

In 2024, Kingfar Property has taken the “Three-Year Action Plan for Root Cause Treatment of Production Safety” as its work guide to implement its primary responsibility for safety. The Company has organized and carried out safety activities such as the “100-day Safety” (百日安全), “Production Safety Month” (安全生產月), and “Fire Protection Promotion Month” (消防宣傳月) in winter; held 5 special safety meetings, revised and improved the safety management system, clarified the “safety red line” management standards, and compiled a list for major accident hazard inspection. Kingfar Property has also invited external safety experts to conduct 2 special safety inspections, and conducted 2 fire safety and gas safety trainings; regularly identified the safety risk list and actively promoted the operation of the dual prevention mechanism; formulated a special rectification plan for electric vehicles in conjunction with the “2.23” fire accident in Nanjing, and rectified the entry of electric vehicles into buildings, illegal charging, blocked passages and other latent hazards. Safety risks of electric vehicles have been effectively reduced through measures such as the construction of new carports, campaign and guidance, ladder control technology, and the establishment of systems; a comprehensive investigation of manhole covers for each project was organized, and manhole cover management standards and management ledgers were established. At the same time, special safety rectification actions such as gas, flood season, special equipment, and confined space were carried out. The Company’s leaders led the team to conduct more than 30 safety inspections, and the Corporate Management and Quality Department organized random inspections of project safety management every month, and a total of 322 safety hazards of various types were found and rectified. Meanwhile, active work has been done to deal with winter ice and snow and summer flood prevention and control, and the safety production situation remained stable throughout the year, with no responsible safety accidents reported.

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Highlights of the Year

100-day Safety Initiative

In view of the seasonal characteristics of production safety work in winter and spring, the “100-day Safety” Initiative was launched throughout the Company with the theme of “fire prevention, theft prevention, ice and snow prevention, heating guarantee, and reduction of work-related injuries.” The main tasks include full coverage safety inspections, night safety inspections, 24-hour on-duty project managers, emergency capability tests, accident case awareness learning, special training such as the “Shaanxi Province Work Safety Regulations” and the “Fire Safety Management Regulations for High-rise Civil Buildings”, as well as tasks in response to rainy and snowy weather, and establishment of a joint prevention and control mechanism. Through such activities, we have strengthened the safety awareness of all employees, implemented safety management responsibilities at all levels, and effectively prevented all kinds of safety accidents.



Major Latent Hazard Safety Management

In accordance with the standards for determining major accident hazards and in combination with the Company's safety red line system, the Company has compiled a list of 20 major safety hazard inspections. Each project conducts a major hazard inspection once a month in accordance with the contents of the list, and formulates rectification measures one by one to achieve zero hazards.



经发物业重大事故隐患排查清单

序号	类别	红线内容	法规、强制标准条款	法规标准名称
1	消防类	消防控制室必须施行24h持证上岗值勤。	消防控制室实行每日24h专人值班,每班不少于2人,值班人员须持有消防控制室操作职业资格证书。	《中华人民共和国消防法》、《消防控制室通用技术要求》GB 25360-2022
2		消防管道必须有水,压力符合要求。	高位消防水箱的设置位置应高于其所服务的水灭火设施,且最低有效水位应满足水灭火设施最不利点处的静水压力,并应符合下列规定确定: (1) 一类高层公共建筑,不应低于0.10MPa,但当建筑高度超过100m时,不应低于0.15MPa; (2) 高层住宅、二类高层公共建筑、多层公共建筑,不应低于0.07MPa,多层住宅不应低于0.07MPa; (3) 工业建筑不应低于0.10MPa,当建筑体积小于20000m³时,不应低于0.07MPa; (4) 自动喷水灭火系统等自动水灭火系统应根据喷头灭火需求压力确定,但最小不应小于0.10MPa。	消防给水及消火栓系统技术规范 GB50974-2014
3		消防通道必须畅通。	任何单位、个人不得损坏、挪用或者擅自拆除、停用消防设施、器材,不得埋压、圈占、遮挡消火栓或者占用防火间距,不得占用、堵塞、封闭疏散通道、安全出口、消防车通道。人员密集场所的门口不得设置影响逃生和灭火救援的障碍物。	《中华人民共和国消防法》
4		灭火器必须定期检测、维修,到期报废。	水基型灭火器出厂满3年首次检修后每满1年进行检修,满6年报废; 干粉灭火器和洁净气体灭火器出厂满5年首次检修后每满2年进行检修,满10年报废; 二氧化碳灭火器出厂满5年首次检修后每满2年进行检修,	《建筑灭火器配置验收及检查规范》GB 50444-2005



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Responsible Marketing

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. Compared with 2023, Kingfar Property not only has more diversified promotional methods, but also injected new concepts. By integrating online and offline resources, Kingfar Property has made full use of emerging channels such as social media and short video platforms to enhance interaction with property owners and the public. Meanwhile, our promotional content pays more attention to emotional resonance and brand stories, conveying the core values of “passion, professionalism and value.” In addition, the Company has introduced artificial intelligence to strengthen data-driven development, thereby improving the effectiveness of our publicity efforts and enhancing audience engagement.

During the year, Kingfar Property revised and implemented its management measures for the publication of relevant information to put responsible marketing methods into solid practice. At the same time, we established efficient and smooth information reporting channels to fully mobilize the initiative of various departments, regions, projects, branches and subsidiaries, showcase our work results, and guide our work direction. In addition, the Company has also improved the brand promotion, publicity, authorization and supervision and inspection mechanisms to comprehensively enhance the overall brand value and influence, realize standardized management of brand building in order to further establish the brand image, maintain the Company's reputation and create a good publicity atmosphere.

Management measures	Content
Publicity and Information Release Management Measures of Xi'an Kingfar Property Services Co., Ltd.	Standardize the Company's publicity information editing, platform maintenance, content review, media reception and other work to ensure that the Company's external information is safe and compliant with regulations, further strengthen information communication, establish brand image, maintain the Company's reputation, and create a publicity atmosphere.
Information Management Measures of Xi'an Kingfar Property Services Co., Ltd.	Further strengthen and standardize information reporting work, fully mobilize the enthusiasm and initiative of information publicity work of various departments, regions, projects, branches and subsidiaries, establish efficient and smooth information reporting channels, better display work results, guide work orientation, and provide effective reference for the Company's scientific decision-making.
Brand Management Measures of Xi'an Kingfar Property Services Co., Ltd.	Enhance the overall value and influence of the Kingfar Property brand, establish and improve mechanisms for brand promotion, brand awareness, brand authorization, daily management, supervision and inspection, and realize standardized management of brand building.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Highlights of the Year

Environmental Protection and Culture

In order to improve the quality of the community living environment, Xi'an Kingfar Property Services Co., Ltd. has formulated and issued anti-noise pollution notice. Starting from minor daily household practices, we call on property owners to develop civilised habits and etiquettes such as opening and closing doors and windows gently, and controlling the usage time of electrical appliances. In case of renovation plans, owners have been advised to inform their neighbors ahead of time to work together to reduce noise pollution and maintain a quiet and harmonious community environment.



Information security

Information security is an important line of defense to protect the healthy development of enterprises. Kingfar Property strictly abides by the "Information Security Level Protection Management Measures", "Computer Information System Security Protection Regulations", "GBT 22080-2008 ISO27001-2005 Information Technology Security Technology Information Security Management System Requirements" and other relevant regulations, and attaches great importance to privacy protection. At the same time, it has internally formulated and revised the "Information Security Level Protection Management Measures", which stipulates the management principles of information network security, internal organizational management responsibilities, information system security and usage requirements, information system procurement and change procedures, data connection and usage security, assessment and accountability, etc. Such practices cover password security, database security, intellectual property rights, network security and level protection.

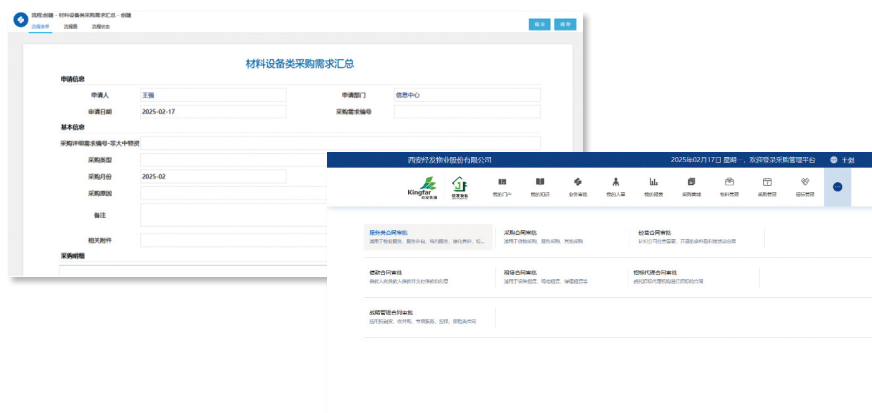
Since 2008, we have introduced information systems to assist the normal development of the Company's business by putting the ERP system into use and implementing online applications for financial charges, acceptance of property owners' demands, renovation filing, equipment inspection, acceptance of emergency cases, collaborative office and other businesses. We have also established a 7X24-hour 400 call center for property services to promptly accept various demands from owners. At the same time, in order to improve the Company's management efficiency and strengthen the standardization of customer service, the Company has successively launched contract procurement systems, self-driven software, customer communication software, data middle-office systems, Yonyou NCC system, human resources HER system, and warehouse system, while equipping them with various mobile applications to promote the informatization of internal management and external services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Highlights of the Year

Optimization of Contract and Procurement System Functions

In order to further optimize the Company's contract management and procurement management requirements, the Company optimizes the system functions of the contract and procurement systems, and ensures the integrity of business operations through system process control in the signing, cancellation, and performance of contracts. In terms of procurement management, the system functions in relation to areas such as supplier introduction, supplier quotation, centralized procurement have been optimized to stay in line with the Company's actual business processes.



Diverse Community Activities to Enrich Service Experience

The community is a fertile soil for breeding its local culture, and the structure and development of the community needs to take into account the influence of local culture. The nurturing and inheritance of culture runs through community life and is an indispensable part of the community. It is also an important link in improving the quality of community services. Kingfar Property attaches great importance to community cultural services through actively listening to the needs of property owners, providing property owners with rich and colorful social and cultural activities, in order to further enhance the service experience of customers and property owners.

Highlights of the Year

Community Culture and Neighborhood Relations

29 July 2024 marked the grand opening of the 7th Neighborhood Festival (比鄰節) with the theme of "A Colorful Summer at Kingfar Sprouting New Life" meticulously organized by the Company. The event featured fun games, talent shows and other activities, where the children laughed and played, and the adults chatted enthusiastically. The activity aims to break the sense of unfamiliarity between neighbors, enhance communication and interaction among community residents, and create a warm and harmonious community atmosphere.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CULTIVATED TALENTS AND FLOURISHING ENTERPRISES WORK TOGETHER FOR COMMON PROSPERITY

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 its corporate development. Through the dual-wheel drive of digital empowerment and humanistic care, Kingfar Property builds 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, promote high-quality development of the Company by continuously upgrading employees’ value creation capabilities, 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. It strictly prohibits the employment of minors under the age of 18 during recruitment, and strictly abides by national laws and regulations on prohibiting the use of child labor and forced labor. All employees must go through formal procedures such as voluntary application, interview assessment, and sign a labor contract 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 departments in accordance with the law, take remedial measures, and strengthen internal management to prevent similar incidents from happening again. No incidents of child labor were found during the year.

As of 31 December 2024, the total number of employees of Kingfar Property was 7,833, of which 4,085 were male employees, accounting for 52.2%, and 3,748 were female employees, accounting for 47.8%.

Table: Composition of Company Employees

Name of Indicator	As at the end of 2024	% of total number of employees at the end of the period
Male employees	4,085	52.15%
Female employees	3,748	47.85%
Employees aged 30 and below	1,273	16.25%
Employees aged 31–50	3,117	39.79%
Employees aged 51 and above	3,443	43.96%
Employees stationing at place where the Company is located	7,833	100.00%
Employees stationing at place other than where the Company is located	0	0.00%

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Employees	Number of employees in 2024	Number of employees in 2023	Employee turnover rate in 2024	Employee turnover rate in 2023
Employees	7,833	7,730	2.72%	5.74%
By gender				
Male	4,085	3,987		
Female	3,748	3,743		
By age group				
30 or below	1,273	1,284		
31–50	3,117	2,992		
50 or above	3,443	3,454		
Total number of employees by employment type				
Full-time	7,833	7,730		
Part-time	0	0		
By geographical region				
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)	7,833	7,730		
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.

Table: Lost days due to work injury and work-related fatalities in the past three years

Health and safety	2024 data	2023 data	2022 data
Lost days due to work injury (day)	465	299	377.6
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

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Care for the Females and Female Rights Protection

Kingfar Property is concerned about the growth and career development of its female employees. It actively safeguards legitimate rights and interests and responds to the trend of gender equality by continuing to build a welfare security system for female employees. Kingfar Property strictly abides by national regulations on female employees' leave management to give the fullest care to its female employees. The Employee Attendance Management Measures explicitly grant female employees maternity and nursing leave, and provide paternity leave for male employees, ensuring support for new mothers' reintegration into the workforce. Female employees enjoy 98 days of maternity leave (including 15 days of prenatal leave) for childbirth. If the employee legally gives birth to a child, the maternity leave will be increased by 60 days on the basis of the statutory maternity leave. For those who participate in pre-pregnancy check-ups, 10 days of maternity leave will be added to the statutory maternity leave, and for those with difficult labor, 15 days of maternity leave will be added. Female employees who miscarry less than 4 months into their pregnancy shall enjoy 15 days of maternity leave, while those who miscarry after 4 months into their pregnancy shall enjoy 42 days of maternity leave. Female employees who are breastfeeding are entitled to one hour of breastfeeding time every working day. Kingfar Property attaches great importance to the work of its female employees by working hard to safeguard the special rights and interests of female employees. It strictly abides by national regulation that prohibits the arrangement of work labor stipulated with the third level of physical labor intensity for female employees at their third phase, and other labor prohibited during lactation, as well as extended working hours and night shift labor.

Highlights of the Year

In March, female employees have been insured for "specified disease insurance". In order to make our female employees' work and life more fun and fulfilling, enhance the spirit of teamwork, showcase the power and charisma of our female employees, and promote health and positivity, we have launched the 2024 8th March Women's Day succulent plant DIY activity and flower giveaway lottery to further enhance the sense of welfare and belonging of our female employees.

2024 8th March Women's Day Event "Planting Beauty and Enjoying Nature" held by the Kingfar Property labor union

In order to usher in the arrival of the 114th International Women's Day, supplement the cultural life of women in workplace, celebrate the spiritual outlook of our female employees, encourage female employees to bloom with confidence and beauty, and treat everyone to a relaxing, fulfilling and meaningful holiday, Kingfar Property labor union held the 2024 8th March Women's Day event, "Planting Beauty and Enjoying Nature", on the afternoon of 6 March 2024, the Economic Development Property Union organized the "Planting Beauty and Enjoying Nature" at Conference Room No. 1, 2/F, Block A, Birch Forest Plaza (白樺林國際). Nearly a hundred female employees from various departments and projects came together to enjoy the fun of planting succulent plants.



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Remuneration and Benefits

Kingfar Property has formulated a comprehensive remuneration management system, clarified the Company's policies on areas including remuneration management responsibilities, remuneration system, remuneration management, social security. It pays close attention to the reasonableness of remuneration and endeavors to ensure that employee remuneration remain competitive within the industry. 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.

Recruitment

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.

Highlights of the Year

The Company organized a series of campus presentations and bilateral selection job fairs during springtime. On 10 April 2024, 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 2024, 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 on-site. 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.



Training

Kingfar Property has devised a series of tailor-made "Employee Training Management Measures". In the process of rapid transformation and development, Kingfar Property has attached great importance to the identification, retaining, strengthening and nurturing of management talents. In order to cultivate a team of reserve talents with proficient business skills and outstanding quality, in sufficient quantity and with strong innovation, and to better respond to the new development trends of the Company and adopt new strategies, Kingfar Property has compiled the "Kingfar Property Talent Team Building Plan" on the basis of the current talent management system, which clarifies the Kingfar Property talent identification procedure, talent training procedure, outcome application details and corresponding assessment and incentive methods.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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. Targeted training has been provided to employees at different levels and engaging in different types of work:

Category of Training	Direction of Focus
Young Eagle Series (雛鷹系列)	Focus on introducing company culture, safety management and personnel system to new employees
Budding Talent Series (菁苗系列) Training Course	Strengthen learning of project management capabilities and professional knowledge and practical experience in various property sectors
Specialized Training	Focus on learning and practicing professional skills in actual work

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. 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.

Indicator	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 (hour)	Number of persons as at the end of 2023 (person)	% of total number of persons as at the end of the period (%)	Average training hours (hour)
Trained male employees	1,946	94.37	14.93	1,823	92.82	13.79
Trained female employees	2,223	93.25	14.78	2,140	94.14	13.64
Trained non-management personnel	4,094	93.68	14.54	3,888	98.11	13.41
Trained management personnel	75	100	27.70	75	100	92.35

In terms of special training, the following trainings were carried out during the period:

- (1) Production safety education and training: In 2024, a total of 160 production safety education and training sessions have been conducted in various projects throughout the year. The training content is rich and varied, covering "Precautions for Employees on Commuting", and provides detailed explanations on traffic safety, travel protection and other aspects of employees' daily commuting to ensure the safety of employees on their way to and from work. Through the training, employees have acquired a deeper understanding of production safety laws and regulations and company rules and regulations, and their safety awareness has been significantly enhanced.
- (2) Professional skills training: The projects conducted a total of 65 professional skills training sessions throughout the year. The training focuses on "Firefighting Skills Practice", "High and Low Voltage Switching Operation Procedures", "Production Safety Responsibility System", "Safety Reward and Punishment Management Measures", and "Operation Safety Management Measures". The training effectively improved the professional skills of employees and provided strong technical support for safe production.



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- (3) Fire safety training: The projects were carried out more than 200 times throughout the year. The training content covers the ability to inspect and eliminate fire hazards, the ability to organize the extinguishing of initial fires, the ability to organize the evacuation of personnel, and the ability to carry out fire protection publicity, education and training, comprehensively improving the employees' comprehensive quality of fire safety. The training has greatly enhanced the employees' fire safety awareness and emergency response capabilities.
- (4) Specialized training: The Company organized 2 special training sessions, covering the "Work Safety Law of the People's Republic of China" and an in-depth interpretation of its legal provisions to enable employees to understand the legal responsibilities and obligations of work safety. The sessions also covered "Major Accident Hazard Determination Standards" to help employees accurately judge major accident hazards and take timely corrective measures, as well as "Gas Safety" targeting the Company's possible gas use scenarios to provide safety knowledge training and prevent gas safety accidents. Specialized training provides important policy guidance and theoretical support for the Company's work on safe production.
- (5) Safety emergency drills such as firefighting, elevator entrapment and flood prevention: In 2024, more than 160 safety emergency drills have been conducted in each project, including firefighting and elevator entrapment. During the fire drills, the Company conducted a comprehensive examination of the feasibility, adequacy and effectiveness of the existing emergency plans and project-level emergency plans, discovered and solved some problems in actual operations, and further improved the emergency plans. During the flood season of 2024, each project will conduct at least one flood emergency drill, with a total of over 80 drills organized throughout the year. The drills simulated flood prevention scenarios under extreme weather conditions such as heavy rain and floods. During the drills, employees quickly got involved in flood prevention work, carrying sandbags, setting up water retaining facilities, draining water and rescuing people, with each step following closely after another. Through these drills, the flood prevention awareness and emergency response capabilities of employees have been improved, ensuring that the Company can take quick and effective response measures when facing flood disasters to protect the Company's property and the lives of its employees.

Development training

Value-added services and market expansion are important means for property service companies to ensure performance growth. Kingfar Property has provided specialized training for employees in 2024, aiming to enhance their professional skills and qualities and comprehensively improve business standards.

Training Course	Content
Value-added services	
Basic financial knowledge training	Understand tax-related knowledge and improve financial management capabilities
Office software usage training	Improve employee office efficiency
Tendering and Bidding Management Measures	Master the bidding process and enhance the company's market competitiveness
Operational risk training	Analyze data to gain market insights
Official document writing training	Improve copywriting skills
Benchmarking	Communicate with outstanding enterprises to promote the Company's continuous progress

Training Course	Content
Market expansion management	
High-end residential project key analysis training	Improve the project preparation skills of all employees
Real estate and property management related training	Explore the potential of the property market
Early intervention and early management	Improve communication skills

Highlights of the Year

2024 Reserve Manager Management Capability Improvement Class

The Human Resources Department held a reserve manager training camp from May to November 2024 for the purpose of training the Company's reserve cadres. This training strictly screened 35 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 14 courses and 56 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, 21 people finally passed the assessment and graduated, with a pass rate of 60%. 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.



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Highlights of the Year

Property Management Certification Course

The Human Resources Department held two sessions of certification classes for level 3 and 4 property managers in March and October 2024 respectively, providing professional training on the contents of the property manager certificate examination syllabus for employees at all levels. The property management certificate is a certificate recognized by the National Human Resources and Social Security Bureau. Company employees holding the certificate have not only improved their personal work ability and industry literacy, but also helped the Company's overall professional ability and management level to reach a higher level. This training strictly matches the syllabus examination requirements. The course explanations are given by relevant expert staff, closely following the theoretical content, and using lectures + drills + review learning to provide strong support for students to quickly master the knowledge of each section.



Each training course consists of 14 classes, totaling 42 class hours. In the end, 96 out of 110 students passed the exam and obtained their certificates, with a pass rate of 87%. After the course, we organize online course evaluation and instructor evaluation to collect training feedback and provide improvement directions for the next training.

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.

In order to further meet the talent needs of the Company's development, improve the talent echelon construction and reserve of backbone employee at all levels, we compiled the "Implementation Measures for Rotational Training and Seedling Training" in 2024, to improve and standardize the employee training mechanism, and carry out training and selection work within the Company in September and November 2024 according to the plan requirements and selection conditions. According to the file procedure, the first batch of 3 comrades were selected to go to Jiatai Property for training, exchange and study, and the second batch of 4 comrades will be selected to go to Jingjian Property for training, exchange and study. All the above personnel have passed the qualification review and have been reviewed and approved by the two sessions to perform their duties and start working at the training unit.

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

Senior management	The annual performance linkage bonus will be issued based on the Company's annual operating performance.
Project middle management	If the year-end operating target is exceeded, the excess reward for that year will be redeemed.
Middle level of functional department	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.
Employees	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.
Immediate rewards	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.
Star of service	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.
Outstanding team	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.

We have also formulated the "Employee Safety and Health Protection Management Measures" to protect the rights and interests of employees. In terms of labor protection equipment management, we have strictly controlled the entire process from procurement, distribution, storage to scrapping, and at the same time we have laid great emphasis on standardizing the details of the use of labor protection equipment to ensure that employees can wear and use them correctly during operation and give full play to the protective effect. In accordance with the "Quality Environment Occupational Health and Safety System Management Standards", we comprehensively and deeply identified various occupational health hazards in work scenarios, such as the risks of severe weather faced by long-term outdoor work, high-decibel noise interference generated by equipment operation, and strong light and harmful smoke and dust during welding operations. In response to these factors, we have formulated and implemented corresponding precise safety protection measures in advance during operations to minimize potential harm to employees' bodies. Attaching great importance to the labor protection of female employees, especially female employees in the three special stages of pregnancy, delivery and lactation, we have provided comprehensive and detailed safety protection measures to effectively safeguard the special rights and interests of female employees alongside multiple dimensions, ranging from the rationality of work arrangements, adaptability to labor intensity and the necessary rest facilities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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”.



GREEN OPERATION WITH PRECISE ENERGY EFFICIENCY

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.

Energy-Saving Goals

In order to improve the effectiveness of environmental management, Kingfar Property identified potential climate-related risks and opportunities and formulated sustainable development management goals focusing on greenhouse gas emissions, environmental services, energy conservation and water conservation.

Target Category

Greenhouse gas emissions	Reduce greenhouse gas emissions intensity (per unit of revenue) by 5.0% by 2025.
Environmental services	Minimize waste emissions and have 100% of hazardous waste disposed of harmlessly by qualified suppliers.
Energy consumption	Reduce energy intensity (per unit of revenue) by 5.0% by 2025.
Water conservation	Reduce water intensity (per unit of revenue) by 5.0% by 2025.

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To this end, Kingfar Property has strictly reviewed and controlled the material classification and material usage of each project every month, controlled the market price comparison of materials, and introduced a series of measures including new energy-saving materials to extend the usage cycle, minimize material cost expenditures and ensure that the material cost reduction rate meets the standards. Meanwhile, based on the energy consumption cost control system and the energy consumption quota management method, each project implements 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, and effectively ensures that the annual energy consumption targets are achieved.



Obtaining certification

Water Management

Kingfar Property has posted water-saving signs, posters and other signs in office areas and public areas to enhance employees' awareness of water conservation.

Table: Water consumption of Kingfar Property

Indicator	Volume	Unit	Intensity	Unit
2022	999,600	m ³	71,095.31	m ³ /million m ² ¹
2023	683,042	m ³	48,580.51	m ³ /million m ²
2024	721,711	m ³	41,597.18	m ³ /million m ²

Energy Management

Kingfar Property abides by relevant laws, regulations and industry regulations on energy conservation and environmental protection, covering the "Environmental Protection Law of the People's Republic of China", the "Environmental Impact Assessment Law of the People's Republic of China", the "Water Pollution Prevention and Control Law of the People's Republic of China", the "Water Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution", the "Law of the People's Republic of China on the Prevention and Control of Air Pollution", the "Measures for the Management of Urban Domestic Waste", the "Regulations on the Management of Urban Construction Waste", the "Law of the People's Republic of China on the Prevention and Control of Soil Pollution", the "Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution", the "Law of the People's Republic of China on the Promotion of Clean Production", the "Regulations on the Management of Environmental Protection for Construction Projects", the "Measures for the Management of Pollutant Discharge Permits", etc. Kingfar Property also formulates the "Measures for the Identification and Management of Environmental Factors" 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.

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

Specific Measures

Lighting facility renovation	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, and underground garages has been transformed from switch-type control to human body sensing and voice-controlled control to reduce public electricity loss.
Energy-saving transformation of fountain pump	The original high-power, high-lift fountain pump is transformed into a low-power, low-lift fountain pump to reduce power loss.
Energy saving and consumption reduction control	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.
Intelligent equipment management	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.
Participate in market electricity transactions	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.

Table: Non-hazardous waste of Kingfar Property

Indicator	Amount	Unit	Intensity	Unit
2022	4,335	kg	308.32	kg/million m ²
2023	4,558	kg	324.18	kg/million m ²
2024	6,111	kg	352.22	kg/million m ²

Table: Energy consumption of Kingfar Property

2022 Indicator	Amount	Unit
Gasoline	6,814.65	L
Diesel	610.22	L
Electricity	18,591.25	MWh
Comprehensive energy consumption	18,666.71	MWh

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2023 Indicator	Amount	Unit
Gasoline	6,100.69	L
Diesel	605.42	L
Electricity	18,592.86	MWh
Comprehensive energy consumption	18,660.94	MWh
2024 Indicator	Amount	Unit
Gasoline	6,124.56	L
Diesel	377.96	L
Electricity	28,464.30	MWh
Comprehensive energy consumption	28,530.63	MWh

Table: Greenhouse gas emissions of Kingfar Property

Greenhouse Gas

2022 Indicator	Unit	Amount
Direct greenhouse gas emissions (Scope 1)	tCO ₂	17.7
Indirect greenhouse gas emissions (Scope 2)	tCO ₂	11,832.4
Other greenhouse gas emissions (Scope 3)	tCO ₂	4.79
Total:	tCO ₂	11,854.89
Greenhouse gas emission intensity	tCO ₂ /million m ² of managed area	843.16
2023 Indicator	Unit	Amount
Direct greenhouse gas emissions (Scope 1)	tCO ₂	16.0
Indirect greenhouse gas emissions (Scope 2)	tCO ₂	11,833.43
Other greenhouse gas emissions (Scope 3)	tCO ₂	5.17
Total:	tCO ₂	11,849.43
Greenhouse gas emission intensity	tCO ₂ /million m ² of managed area	842.34

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2024 Indicator	Unit	Amount
Direct greenhouse gas emissions (Scope 1)	tCO ₂	15.5
Indirect greenhouse gas emissions (Scope 2)	tCO ₂	13,967.70
Other greenhouse gas emissions (Scope 3)	tCO ₂	5.03
Total:	tCO ₂	13,988.23
Greenhouse gas emission intensity	tCO ₂ /million m ² of managed area	806.24

(The greenhouse gas emissions of the Company are mainly carbon dioxide. As such, other greenhouse gas emissions are not applicable for the time being.)

Table: Exhaust gas emissions of Kingfar Property

2022 Indicator	Unit	Amount
Nitrogen oxides	kg	78.9
Sulfur oxides	kg	0.11
Particulate matter	kg	7.42
2023 Indicator	Unit	Amount
Nitrogen oxides	kg	75.90
Sulfur oxides	kg	0.10
Particulate matter	kg	7.12
2024 Indicator	Unit	Amount
Nitrogen oxides	kg	78.35
Sulfur oxides	kg	0.09
Particulate matter	kg	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. The emissions of nitrogen oxides, sulfur oxides and particulate matter are mainly from the gasoline and diesel consumed by the vehicles of the Company.
3. Scope 2 greenhouse gas emissions are calculated using a location-based approach, using the national average CO₂ emission factor for electricity.
4. 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 Implementing Key Work Related to Reporting and Management of Corporate Greenhouse Gas Emissions in 2022" (《關於做好2022年企業溫室氣體排放報告管理相關重點工作的通知》) published by the Ministry of Ecology and Environment of the People's Republic of China.
5. Other greenhouse gas emissions (Scope 3) mainly include business travel and employee commuting.

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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.

Kingfar Property is well aware that risks may not only affect the Company's short-term financial performance, but may also determine the Company's survival and development in the long run. Against the backdrop of intensifying climate change, the Company has further incorporated climate resilience into its strategic core, identifying the dual challenges of climate transition risks (such as stricter policies and regulations, and repeated operations of low-carbon technologies) and physical risks (such as asset damage caused by extreme weather). During the period, the Company built a comprehensive ESG risk management system. It not only carried out routine safety risk classification management, but also added climate scenario stress testing to analyze the chain impact of different warming scenarios on supply chain stability, energy costs and customer demand.

Specific measures include:

Climate-adaptive facility upgrades: We carry out flood and high temperature prevention renovations on key facilities such as storage and power systems to reduce equipment failure rates caused by extreme weather (please refer to the adaptive investment principles under the TCFD framework);

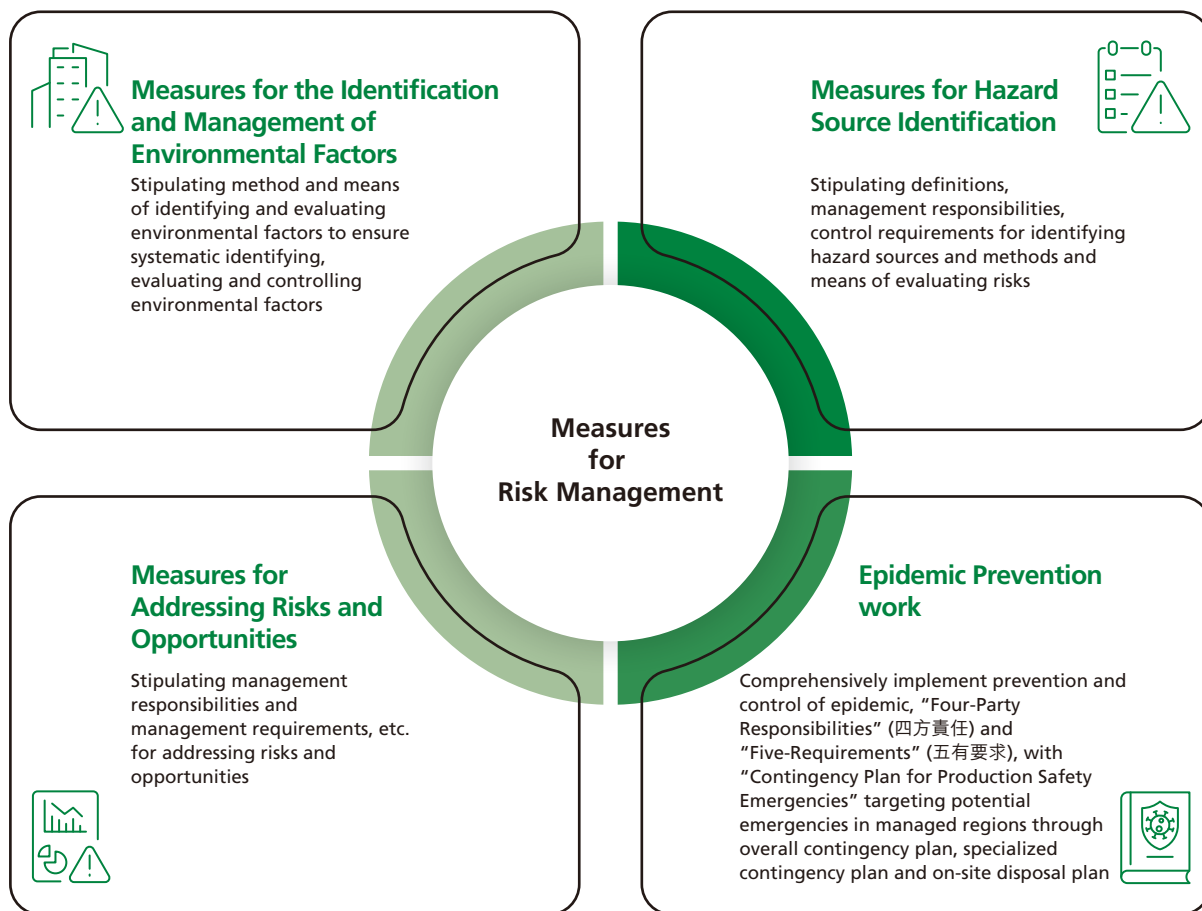
Strengthening supply chain resilience: We respond to the risk of logistics disruption caused by climate disasters through diversified supplier layout and intelligent inventory early warning system (borrowing the idea of improving energy stability through low wind speed wind turbine technology);

Employee health and safety: We activate a flexible work system during high temperature warnings and provided outdoor workers with heatstroke prevention and cooling equipment, practicing the "people-oriented" climate adaptation concept; and

Data-driven decision-making: We introduce IoT sensors to monitor temperature, humidity, rainfall and other indicators in climate-sensitive areas in real time, and dynamically adjust risk levels and control priorities through the risk matrix method (LS method).

After each round of hazard identification and risk assessment, the Company adds a special module on climate risk to its management and control list, covering content such as emergency plans for extreme weather, low-carbon technology alternative path, and continuously optimized management measures in accordance with the "Hazard Identification and Evaluation Management System". For example, by deploying decentralized photovoltaic and energy storage systems, the Company not only reduces energy costs but also reduces operational risks caused by grid fluctuations. In the future, the Company will ensure that its risk management capabilities match the dynamic challenges of climate change through regular climate resilience audits and cross-departmental collaboration mechanisms, and build a solid line of defense for sustainable development. During the period, a new "Risk Management Measures" was formulated. Based on the basic principles of "starting from reality, seeking practical results, taking precautions first, and overall controllability", a risk management leading group was established as the organizational management body, which clarified the responsibilities of the general manager, the audit and legal department, subsidiaries, and regional heads in risk management. A "three lines of defense" for risk management was thus established.

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In order to further strengthen internal audit work and build a sound full-process risk management system, the audit department of Kingfar Property has issued the "Internal Audit Management Measures of Xi'an Kingfar Property Services Co., Ltd." to improve the quality of internal audit work and give full play to the role of internal audit in strengthening internal control, preventing business risks, promoting compliance management, and improving the Company's operating efficiency. The audit and legal department combines relevant laws and regulations, which primarily include: general principles, internal audit organization and personnel management, internal audit responsibilities and permissions, internal audit scope, internal audit plan, internal audit procedures, internal audit work requirements, audit reports and quality control, application of audit results, and annexes.

Extreme weather poses huge challenges to the ecological environment and corporate management. Kingfar Property keeps a close eye on national policy developments related to climate change, actively identifies the main risks brought about by climate change, and supports actions to address climate change. During the period, Kingfar Property formulated company policies such as the "Emergency Response Management Measures" to effectively prevent risks from occurring.

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.

Green 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.

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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 (培訓寶) 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.

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.

Table: Waste generation

2022 Indicator	Unit	Amount
Hazardous waste	kg	770.4
Hazardous waste generation intensity	kg/million m ²	54.7923
2023 Indicator	Unit	Amount
Hazardous waste	kg	717.3
Hazardous waste generation intensity	kg/million m ²	51.0171
2024 Indicator	Unit	Amount
Hazardous waste	kg	832.3
Hazardous waste generation intensity	kg/million m ²	48.0



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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. The total amount of non-hazardous waste includes decoration waste and office paper.
3. The total amount of hazardous waste includes toner drum units, toner cartridges, batteries, masks, lamps, etc.

SHINE THROUGH TRANSPARENCY AND WIN-WIN COOPERATION

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.

Standardization of Supplier Classification and Procurement Process

Kingfar Property has established clear standards for the classification and grading of suppliers. Suppliers are divided into four categories according to the nature of their work: engineering (building security, etc.), labor (security and customer service), daily procurement, and consulting. The Company has various requirements for suppliers during the initial procurement process. All departments work together to include suppliers in the supplier database and review suppliers throughout the entire process of providing services and products. After the project is completed, the project-responsible departments and the comprehensive management center conduct a comprehensive annual evaluation of the suppliers.

Supplier Screening and Management

Kingfar Property adheres to the principles of open, transparent and fair procurement and selection. It remains dedicated to implementing and abiding by the “Bidding Law of the People’s Republic of China”, “Interim Measures for the Management of Bidding for Pre-property Management”, “Government Procurement of Goods and Services Bidding Management Measures”, “Government Procurement Law of the People’s Republic of China”, “Regulations for the Implementation of the Government Procurement Law of the People’s Republic of China” and other laws and regulations, and is committed to building a healthy and complete supplier management system. In the course of operational development, we continue to improve our supplier selection standards, aiming to achieve sustainable development together with our suppliers. The Company also actively identifies potential social and environmental impact factors in the supply chain and conscientiously fulfills its corporate responsibilities.

The Company has further improved its supply chain management mechanism, deepened its internal system, 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.

In terms of supplier classification and grading, Kingfar Property has established clear stratification standards, which are divided into engineering construction, service procurement and goods procurement.

According to the “Supplier Management Measures”, as of 31 December 2024, there are a total of 155 suppliers of Kingfar Property.

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Type	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Distribution of suppliers by geographical region				
North China (including Beijing, Tianjin, Shanxi, Hebei, Inner Mongolia Autonomous Region)				
Northeast China (including Heilongjiang, Jilin, Liaoning)				
Northwest China (Shaanxi, Gansu, Qinghai, Ningxia Hui Autonomous Region, Xinjiang Uygur Autonomous Region)	149	151	150	150
East China (including Shanghai, Jiangsu, Zhejiang, Anhui, Jiangxi, Shandong)				
Central China (including Henan, Hubei, Hunan)	2	2	2	2
South China (Guangdong, Guangxi Zhuang Autonomous Region, Hainan)	2	2	2	2
Southwest China (including Sichuan, Guizhou, Yunnan, Chongqing, Tibet Autonomous Region)	1			
Hong Kong, Macau and Taiwan	1	1	1	1
Overseas				
Total	154	157	155	155
Supplier Service Type Classification				
Suppliers of materials and equipment	72	72	73	73
Service Providers	82	85	82	82
Total	154	157	155	155
Supplier Violations and Handling Methods				
Cases of suppliers violating Group regulations during the year	0	0	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.

Communication with Supplier

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.





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BUILD A SHIELD THROUGH RISK MANAGEMENT AND HIGH STANDARDS OF INTEGRITY

The Company is committed to carrying out efficient governance, strictly abiding by the relevant provisions of the listing rules, 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.

Standardize Corporate Governance

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. The general meeting of shareholders, the board of directors and the management have clear and distinct responsibilities. They cooperate and check and balance each other in order to operate in a healthy manner.

The Company’s Board of Directors consists of nine directors, including three executive directors, three non-executive directors and three independent non-executive directors. The powers and duties of the Board of Directors include convening shareholders’ meetings and reporting on the Board’s work at shareholders’ meetings, making decision regarding the Company’s business and investment plans, preparing annual financial budgets and final accounts, formulating profit distribution plans and exercising other powers, functions and duties granted by the articles of association.

Table: The Composition of the Board

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Wu Suozheng (Responsible for the business direction and strategic planning of the Company)	Zhao Junping (Responsible for supervision of the management team and provision of guidance for the overall operation and business development of the Company)	Lam Siu Wing (Responsible for providing independent advice to the Board)
Sun Qi (Responsible for the overall operation and management of the Company)	Yang Gang (Responsible for supervision of the management team and provision of guidance for the overall operation and business development of the Company)	Jiang Li (Responsible for providing independent advice to the Board)
Cheng Hongrang (Responsible for the operation and management of city service business of the Company)	Li Lingxiao (Responsible for supervision of the management team and provision of guidance for the overall operation and business development of the Company)	Cao Yang (Responsible for providing independent advice to the Board)

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. It continuously improves the integrity

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policy in its operations, formulates and implements the “Kingfar Property Anti-Fraud and Reporting and Complaint Management Measures” 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.

During the year, the Party General Branch of Kingfar Property strictly implemented the work requirements of the Party Committee and Discipline Inspection Commission of the Kingfar Group. It organized and coordinated various departments, regions, projects and branches and subsidiaries to carry out special training on anti-corruption risk prevention and control. It also conducted a comprehensive investigation of anti-corruption risks, whereby a conclusion was drawn and laid out 68 anti-corruption risk points in respect of 26 areas. It has helped to establish an anti-corruption risk ledger for dynamic management. Meanwhile, it formulated risk prevention and control measures, and regularly evaluated the effectiveness of risk prevention and control to prevent corruption risks.

In connection with the key areas and key links and stages of the Company and its subsidiaries including Jingjian Property, the Party branch of Kingfar Property carried out supervision and inspection over areas such as the implementation of the stipulated “adopt economical practices and live a frugal life” policy, the selection process of middle management personnel and the use of “three official expenses”. During major holidays such as the Spring Festival, May 1 Labor Day, and National Day, the Discipline Inspection Office organized inspection teams in conjunction with relevant functional departments to carry out supervision and inspection of holiday work style discipline, production safety, and service quality. On 18 November 2024, the Company’s Board members attended a special training session on the “Regulations on Disposal of State-owned Enterprises Management Personnel” organized by the Group’s Discipline Committee, which revolves around interpreting its drafting background, the types of sanction and applicable subjects, the principles of sanction and division of responsibilities, illegal acts and applicable sanctions, etc. The focus remained on explaining how managers of state-owned enterprises can strengthen their legal thinking and procedural awareness, perform a good job in connecting discipline and law, and resist corruption. During the Reporting Period, there were no litigation cases at Kingfar Property.

Highlights of the Year

Ahead of major holidays such as the Spring Festival 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. It also made arrangements for party members and cadres to watch awareness education films such as “Confession and Awareness” (《懺悔與警示》) and concentrate on studying typical cases such as “Discipline Education Cases for Party Members and Cadres” (《黨員幹部紀律教育案例》). In July 2024, it formed the cadre for its party branch team to take on the leadership of team members, middle-level managers and more than 180 Communist Party members to hold an awareness education conference and go to the Xi’an warning education base to carry out awareness education activities. This helped improve the Party spirit of managers and Party members and cadres, and enhance their ability to maintain integrity and self-discipline.



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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.

During the period, Kingfar Property completed the application for two utility model patents, namely "an automatic cleaning device for escalators" and "a chain-type bolt removal device", and obtained the utility model patent certificate for "a wireless control valve". As of 31 December 2024, Kingfar Property has applied for and obtained 15 software copyright certificates and 19 utility model patent certificates.



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SHOULDER OUR RESPONSIBILITY TOWARDS GOOD PRACTICES

Charity Activities

Kingfar Property actively practices its social responsibility. In accordance with the notice issued by the general party branch on "Implementation Plan for Deepening a Series of Caring Activities in Xi'an Children's Welfare Institute", it organized a visit to Xi'an Children's Welfare Institute among party members and employees to carry out in-depth public welfare activities entitled "I do practical things for the people and truly care for children". The activities mainly focus on three aspects: donations of materials, volunteer services, and property services. It fully taps into the social value of the activities, implements "long-termism", and actively mobilizes and integrates social resources to deliver caring services to provide due help for children in difficult situations. In addition, the Kingfar Property Labor Union Committee purchased poverty alleviation products during the Spring Festival and Dragon Boat Festival in 2024, totaling RMB780,344.5.

Highlights of the Year

3•5 Learning from Lei Feng through Volunteer Service

On the morning of 5 March 2024, the Party General Branch of Kingfar Property organized the 3•5 Learning from Lei Feng through Volunteer Service activity entitled "Inheriting the Lei Feng Spirit, Practicing Volunteer Service, and Building a Better Home Together", during which all party members and volunteers, totaling more than 120 people, visited the Birch Forest Creek.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix: Content Index to ESG Reporting Code

Subject Area	Issue Aspect	Performance Indicator	Corresponding Reference
Environmental	A1 Emissions	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions discharges into water and land, and generation of hazardous and non-hazardous waste.	Green Operation with Precise Energy Efficiency
		A1.1: The types of emissions and respective emissions data.	Green Operation with Precise Energy Efficiency
		A1.3: Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation with Precise Energy Efficiency
		A1.4: Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operation with Precise Energy Efficiency
		A1.5: Description of emission target(s) set and steps taken to achieve them.	Green Operation with Precise Energy Efficiency
		A1.6: Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target (s) set and steps taken to achieve them.	Green Operation with Precise Energy Efficiency
	A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.	Green Operation with Precise Energy Efficiency
		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).	Green Operation with Precise Energy Efficiency
		A2.2: Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operation with Precise Energy Efficiency
		A2.3: Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operation with Precise Energy Efficiency
		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.	Green Operation with Precise Energy Efficiency

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Corresponding Reference
		A2.5: Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Green Operation with Precise Energy Efficiency
	A3 The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Operation with Precise Energy Efficiency
		A3.1: Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operation with Precise Energy Efficiency
Social	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.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B1.1: Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B1.2: Employee turnover rate by gender, age group and geographical region.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
	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.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B2.1: Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Corresponding Reference
		B2.2: Lost days due to work injury.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B2.3: Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
	B3 Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B3.1: The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B3.2: The average training hours completed per employee by gender and employee category.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
	B4 Labor Standards	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to child and forced labor.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B4.1: Description of measures to review employment practices to avoid child and forced labor.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity
		B4.2: Description of steps taken to eliminate such practices when discovered.	Cultivated Talents and Flourishing Enterprises Work Together for Common Prosperity

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Corresponding Reference
	B5 Supply Chain Management	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
	B6 Product Responsibility	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Professional Service and Dedication to Quality
		B6.1: Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
		B6.2: Number of products and service-related complaints received and how they are dealt with.	Professional Service and Dedication to Quality
		B6.3: Description of practices relating to observing and protecting intellectual property rights.	Professional Service and Dedication to Quality
		B6.4: Description of quality assurance process and recall procedures.	Professional Service and Dedication to Quality
		B6.5: Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Professional Service and Dedication to Quality

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Area	Issue Aspect	Performance Indicator	Corresponding Reference
	B7 Anti-corruption	General Disclosure: Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Build a Shield through Risk Control and High Standards of Integrity
		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.	Build a Shield through Risk Control and High Standards of Integrity
		B7.2: Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Build a Shield through Risk Control and High Standards of Integrity
		B7.3: Description of anti-corruption training provided to directors and staff.	Build a Shield through Risk Control and High Standards of Integrity
	B8 Community Investment	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.	Shoulder our Responsibility towards Good Practices
		B8.1: Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Shoulder our Responsibility towards Good Practices
		B8.2: Resources contributed (e.g. money or time) to the focus area.	Shoulder our Responsibility towards Good Practices

INDEPENDENT AUDITOR'S REPORT



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 ("the Group") set out on pages 125 to 192, which comprise the consolidated statement of financial position as at 31 December 2024, 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, comprising material accounting policy information and other explanatory 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 2024 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the PRC, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 matters 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.



INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER – continued

Expected credit loss allowance for trade receivables

Refer to Notes 17 and 26(a) to the consolidated financial statements and the accounting policies in Note 2(j).

The Key Audit Matter

As at 31 December 2024, the Group's gross carrying amount of trade receivables and a loss allowance for expected credit losses (ECLs) were RMB225.15 million and RMB15.76 million, respectively.

The Group's trade receivables comprise mainly receivables from property owners and property developers.

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.

We identified the measurement of the ECL allowance for trade receivables as a key audit matter because trade receivables are material to the consolidated financial statements of the Group and the assessment of the ECL allowance is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the ECL allowance for trade receivables included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls relating to credit control, segmentation of trade receivables, ageing analysis review, and the assessment of the ECL allowance;
- 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;
- 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; and
- re-performing the calculation of the loss allowance as at 31 December 2024 based on the Group's ECL allowance policies.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

As part of an audit in accordance with HKSA's, we exercise professional 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.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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 purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yeung Ka Chun.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi ("RMB"))

		Year ended 31 December	
	Note	2024 RMB'000	2023 RMB'000
Revenue	4	951,527	862,247
Cost of sales		(808,307)	(744,211)
Gross profit		143,220	118,036
Other income	5	8,531	3,833
Administrative and other expenses		(65,093)	(53,137)
Research and development costs		(469)	(191)
Impairment loss on trade and other receivables		(11,364)	(3,871)
Profit from operations		74,825	64,670
Net finance costs	6(a)	(443)	(1,496)
Profit before taxation		74,382	63,174
Income tax	7	(13,290)	(12,156)
Profit and total comprehensive income for the year		61,092	51,018
Attributable to:			
Equity shareholders of the Company		59,031	49,726
Non-controlling interests		2,061	1,292
Profit and total comprehensive income for the year		61,092	51,018
Earnings per share	10		
Basic and diluted (RMB)		1.01	0.99

The notes on pages 131 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December	
	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment property and other plant and equipment	11	95,847	62,940
Intangible assets	12	7,465	7,415
Goodwill	13	1,769	1,769
Prepayments for acquisition of properties	15	–	36,611
Deferred tax assets	23(b)	13,059	12,388
		118,140	121,123
Current assets			
Inventories	16	330	840
Trade and other receivables	17	252,674	262,307
Prepayments	18	8,631	7,125
Cash at bank and on hand	19	426,892	258,478
		688,527	528,750
Current liabilities			
Trade and other payables	20	497,081	466,515
Contract liabilities	21	37,312	38,977
Lease liabilities	22	1,205	676
Current taxation	23(a)	4,433	4,204
		540,031	510,372
Net current assets		148,496	18,378
Total assets less current liabilities		266,636	139,501
Non-current liabilities			
Long-term payables	24	2,603	16,062
Deferred income		909	1,200
Lease liabilities	22	81	275
		3,593	17,537
NET ASSETS		263,043	121,964
CAPITAL AND RESERVES	25		
Share capital		66,667	50,000
Reserves		189,333	66,982
Total equity attributable to equity shareholders of the Company		256,000	116,982
Non-controlling interests		7,043	4,982
TOTAL EQUITY		263,043	121,964

Approved and authorised for issue by the board of directors on 26 March 2025.

Wu Suozheng
Chairman of the Board

Xu Fei
Financial Director

The notes on pages 131 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Expressed in RMB)

	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	Statutory reserve RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2023	50,000	–	3,662	13,517	67,179	2,236	69,415
Changes in equity for the year:							
Profit for the year and total comprehensive income	–	–	–	49,726	49,726	1,292	51,018
Appropriation to reserves	–	–	3,324	(3,324)	–	–	–
Capital injection by non-controlling equity holders of the Group	–	–	–	–	–	490	490
Capital injection	–	84	–	–	84	–	84
Changes in ownership interests in a subsidiary that do not result in a loss of control	–	(7)	–	–	(7)	964	957
Balance at 31 December 2023	50,000	77	6,986	59,919	116,982	4,982	121,964

	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		
Balance at 1 January 2024	50,000	77	6,986	59,919	116,982	4,982	121,964
Changes in equity for the year:							
Profit for the year and total comprehensive income	–	–	–	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
Balance at 31 December 2024	66,667	63,397	10,545	115,391	256,000	7,043	263,043

The notes on pages 131 to 192 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(Expressed in RMB)

		Year ended 31 December	
	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Profit before taxation		74,382	63,174
Adjustments for:			
Depreciation and amortisation	6(c)	13,373	11,856
Impairment losses on trade and other receivables	6(c)	11,364	3,871
Loss on disposal of other plant and equipment		15	19
Finance cost	6(a)	63	241
Interest income	5	(1,214)	(614)
Changes in working capital:			
(Increase)/decrease in restricted cash at bank		(1,310)	3,945
Increase in trade and other receivables		(19,948)	(11,039)
Increase in prepayments		(533)	(115)
Decrease in inventories		510	476
Increase in trade and other payables		70,649	97,377
(Decrease)/increase in contract liabilities		(1,665)	13,094
Cash generated from operations		145,686	182,285
Income tax paid	23(a)	(13,732)	(21,701)
Net cash generated from operating activities		131,954	160,584
Investing activities			
Proceeds from disposal of other plant and equipment		151	21
Payment for purchase of other plant and equipment		(16,407)	(14,699)
Payment for acquisition of properties		(4,752)	(36,611)
Repayments from related parties	27(b)	–	7,500
Payment of consideration payable for acquisition of a subsidiary		–	(186)
Interest received	5	1,214	614
Net cash used in investing activities		(19,794)	(43,361)
Financing activities			
Repayments of interest-bearing borrowings	19(b)	–	(12,000)
Proceeds from capital injection by non-controlling equity holders of subsidiaries of the Group		–	490
Proceeds from issuance of shares by initial public offering		110,211	–
Listing expense paid		(16,483)	(13,741)
Capital injection		–	84
Acquisition of subsidiaries under common control	27(b)	(37,846)	(37,846)
Changes in ownership interests in a subsidiary that do not result in a loss of control		–	957
Interest element of lease rentals paid	19(b)	(63)	(47)
Capital element of lease rentals paid	19(b)	(875)	(373)
Interests paid	19(b)	–	(194)
Net cash generated from/(used in) financing activities		54,944	(62,670)
Net increase in cash and cash equivalents		167,104	54,553
Cash and cash equivalents at the beginning of the year		257,430	202,877
Cash and cash equivalents at the end of the year	19(a)	424,534	257,430

The notes on pages 131 to 192 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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 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, Shaanxi, 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 POLICIES

(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") and the requirements of the Hong Kong Companies Ordinance. 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. 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 the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(c) Changes in accounting policies

(i) *New and amended IFRS Accounting Standards*

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 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, Presentation of financial statements (the 2020 and 2022 amendments, collectively the "IAS 1 amendments")

The IAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the IAS 1 amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, Leases – Lease liability in a sale and leaseback

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: disclosures – Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The Group has provided the new disclosures in Note 20.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(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).

(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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(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.

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 Note 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(i) Leased assets – continued

(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.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for expected credit losses (“ECL”s) on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate;

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(j) Credit losses and impairment of assets – continued

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

Measurement of ECLs – continued

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held)

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(j) Credit losses and impairment of assets – continued

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

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-financial assets (other than inventories and 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 ("CGU"s). 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.

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.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 2(j)(i)).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(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 assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(m)).

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)).

(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) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(u).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(q) 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.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(r) Income tax – continued

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date, unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(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

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – 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

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – 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 to 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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(t) Revenue and other income – continued

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES – continued

(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.

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(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.

(b) Sources of estimation uncertainty

Notes 13 and 26 contain information about the assumptions and their risk factors relating to valuation of goodwill impairment and financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Disaggregated by timing of revenue recognition		
Over time	905,366	813,551
Point in time	46,161	48,696
Total	951,527	862,247
Revenue from contracts with customers within the scope of IFRS 15		
City services	594,309	524,908
Residential property management services	200,914	184,170
Commercial property management services	153,056	149,844
	948,279	858,922
Revenue from other sources		
Gross rental income	3,248	3,325
Total	951,527	862,247

For the years ended 31 December 2024 and 2023, revenue from Xi'an Economic and Technological Development Zone Management Committee ("Xi'an ETDZ MC) contributed 25% and 27% 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

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING – continued

(b) Segment reporting

The Group is principally engaged in the provision of city services, residential property management services and commercial property management services in the PRC. Management views the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the management of the Company are of the view that there is only one segment which is used to make strategic decisions.

The Group generated all revenue in the PRC and no non-current assets of the Group are located outside the PRC, accordingly, no analysis of geographic information is presented.

5 OTHER INCOME

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Interest income	1,214	614
Government grants (Note (i))	6,739	1,745
Income from additional deduction on input VAT	62	890
Others	516	584
	8,531	3,833

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 TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Net finance costs

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Interest on lease liabilities (Note 19(b))	63	47
Interest on interest-bearing borrowings (Note 19(b))	–	194
Bank and other charges	1,396	1,255
Net foreign exchange gain	(1,016)	–
	443	1,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 PROFIT BEFORE TAXATION – continued

(b) Staff costs

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, wages and other benefits	481,491	449,655
Contributions to defined contribution retirement plans	46,051	40,420
	527,542	490,075

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

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Depreciation charge (Note 11)		
– Owned property and equipment	10,715	9,620
– Right-of-use assets	1,176	1,181
	11,891	10,801
Amortisation cost of intangible assets (Note 12)	1,482	1,055
Recognition/(reversal) of impairment loss on trade and other receivables		
– Trade receivables (Note 26(a))	5,827	(740)
– Bills receivable (Note 26(a))	75	70
– Other receivables	5,462	4,541
	11,364	3,871
Auditors' remuneration		
– Audit services	2,150	570
Net loss on disposal of other property, plant and equipment	15	19
Cost of inventories (Note 16(b))	84,461	73,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit and loss and other comprehensive income represents:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Current tax – PRC Corporate Income Tax		
Provision for the year (Note 23(a))	13,961	13,026
Deferred tax		
Origination of temporary differences (Note 23(b))	(671)	(902)
Effect on deferred tax balances at 1 January resulting from a change in tax rate (Note 23(b))	–	32
	13,290	12,156

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit before taxation	74,382	63,174
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdiction concerned (Note (i))	18,596	15,793
Tax concessions (Note (ii))	(4,472)	(3,438)
Tax relief related to additional tax deduction on Small Low-profit Enterprise (Note (iii))	(1,329)	(926)
Tax effect of non-deductible expenses	596	808
Tax relief related to additional deduction on the employment of disabled individuals (Note (iv))	(101)	(113)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	–	32
Actual tax expense	13,290	12,156

Notes:

- (i) The provision for PRC Corporate Income Tax for the years ended 31 December 2024 and 2023 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 year ended 31 December 2023 and 2024.
- (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

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' AND SUPERVISORS' REMUNERATION

	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
Executive directors					
Mr. Wu Suozheng	–	619	–	79	698
Mr. Sun Qi	–	569	–	70	639
Mr. Cheng Hongrang	–	508	–	42	550
Non-Executive directors					
Mr. Zhao Junping	–	–	–	–	–
Mr. Yang Gang	–	–	–	–	–
Ms. Li Lingxiao	–	–	–	–	–
Independent Non-Executive Directors					
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
Supervisors					
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' AND SUPERVISORS' REMUNERATION – continued

Year ended 31 December 2023					
	Directors fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Mr. Wu Suozheng	–	644	151	76	871
Mr. Sun Qi	–	603	138	66	807
Mr. Cheng Hongrang (appointed on 15 May 2023)	–	348	120	42	510
Non-Executive directors					
Mr. Zhao Junping	–	–	–	–	–
Mr. Yang Gang (appointed on 15 May 2023)	–	–	–	–	–
Ms. Li Lingxiao (appointed on 15 May 2023)	–	–	–	–	–
Ms. Yuan Hua (resigned on 15 May 2023)	–	–	–	–	–
Mr. Zhang Zhonggang (resigned on 15 May 2023)	–	–	–	–	–
Supervisors					
Ms. Li Li	–	307	32	17	356
Mr. Bai Xiong	–	–	–	–	–
Mr. Geng Hexiang	–	164	30	35	229
	–	2,066	471	236	2,773

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.

During the years ended 31 December 2024 and 2023, 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 2024 and 2023, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries and other emoluments	1,423	1,471
Discretionary bonuses	–	333
Retirement scheme contributions	218	208
	1,641	2,012

	Year ended 31 December	
	2024 Number of individuals	2023 Number of individuals
HK\$Nil – HK\$1,000,000	3	3

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB59,031,000 (2023: RMB49,726,000) and the weighted average of 58,311,000 ordinary shares (2023: 50,000,000 shares) in issue during the year.

Weighted average number of ordinary shares

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Issued ordinary shares at 1 January	50,000	50,000
Effect of shares issued by initial public offering (Note 25(b))	8,311	–
Weighted average number of ordinary shares at 31 December	58,311	50,000

(b) Diluted earnings per share

Diluted earnings per share were the same as the basic earnings per share as the Group had no dilutive ordinary potential shares for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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
Cost:								
At 1 January 2023	–	18,461	67,096	5,270	470	91,297	14,855	106,152
Additions	–	2,400	9,639	1,324	–	13,363	–	13,363
Disposals	–	(347)	(224)	(5,270)	–	(5,841)	–	(5,841)
At 31 December 2023	–	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)
At 31 December 2024	38,829	22,774	77,724	1,847	470	141,644	14,855	156,499
Accumulated depreciation:								
At 1 January 2023	–	(10,017)	(26,512)	(4,610)	(21)	(41,160)	(4,574)	(45,734)
Charge for the year	–	(1,691)	(7,341)	(1,181)	(235)	(10,448)	(353)	(10,801)
Written back on disposals	–	319	212	5,270	–	5,801	–	5,801
At 31 December 2023	–	(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
At 31 December 2024	(462)	(12,050)	(41,384)	(1,007)	(470)	(55,373)	(5,279)	(60,652)
Carrying amount:								
At 31 December 2024	38,367	10,724	36,340	840	–	86,271	9,576	95,847
At 31 December 2023	–	9,125	42,870	803	214	53,012	9,928	62,940

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11 INVESTMENT PROPERTY AND OTHER PROPERTY, PLANT AND EQUIPMENT – continued

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	As at 31 December	
		2024 RMB'000	2023 RMB'000
Properties leased for own use, carried at depreciated cost			
– Office buildings	(i)	840	803

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying assets	1,176	1,181
Interest on lease liabilities (Note 6(a))	63	47
Expenses relating to short-term leases	1,165	1,058

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Note 19(c) and Note 22 respectively.

Note:

- (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.

(c) Investment property

The investment property was valued to be RMB9,960,000 as at 31 December 2024 (31 December 2023: RMB11,000,000), 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 INTANGIBLE ASSETS

	Software RMB'000	Intellectual property RMB'000	Total RMB'000
Cost:			
At 1 January 2023	7,857	1,792	9,649
Additions	2,660	–	2,660
At 31 December 2023	10,517	1,792	12,309
Additions	1,532	–	1,532
At 31 December 2024	12,049	1,792	13,841
Accumulated amortisation:			
At 1 January 2023	(3,520)	(319)	(3,839)
Charge for the year	(876)	(179)	(1,055)
At 31 December 2023	(4,396)	(498)	(4,894)
Charge for the year	(844)	(638)	(1,482)
At 31 December 2024	(5,240)	(1,136)	(6,376)
Carrying amount:			
At 31 December 2024	6,809	656	7,465
At 31 December 2023	6,121	1,294	7,415

Amortisation of intangible assets has been charged to administrative and other expenses in the consolidated statement of profit or loss and other comprehensive income.

13 GOODWILL

	RMB'000
Cost:	
At 1 January 2023, 31 December 2023 and 31 December 2024	1,769
Accumulated impairment losses:	
At 1 January 2023, 31 December 2023 and 31 December 2024	–
Carrying amount:	
At 31 December 2024	1,769
At 31 December 2023	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

(Expressed in RMB unless otherwise indicated)

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 2023: 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 2024 are extrapolated using an estimate weighted average growth rate of 0% (31 December 2023: 0%). The cash flows are discounted using a discount rate of 14.0% as at 31 December 2024 (31 December 2023: 14.0%). The discount rate used is pre-taxed and reflect specific risks relating to the cash-generating unit.

The headroom measured by the excess of the recoverable amount over the carrying amount of the CGU as of 31 December 2024 are RMB1,490,000 (31 December 2023: RMB1,149,000).

Management has undertaken sensitivity analysis on the impairment test of goodwill. The hypothetical increases in the discount rate by 8% (31 December 2023: 6%) or decreases in annual revenue growth rate by 2% (31 December 2023: 2%) would, in isolation, have removed the remaining headroom as at 31 December 2024.

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	40% Note (i)	Property management services
Xi'an Jiatai Property Management Service Co., Ltd.*	The PRC	RMB1,000,000	100%	Property management service
Xi'an Jingjian Property Management Co., Ltd.*	The PRC	RMB3,000,000	100%	Property management service
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 service
Shenyang Kingfar Huishan Property Management Co., Ltd.	The PRC	RMB500,000	60%	Property management service
Hancheng City Chengtou Kingfa Property Service Co., Ltd.	The PRC	RMB5,000,000	51%	Property management service
Xinjiang Saide Jingfa Property Management Co., Ltd.	The PRC	RMB5,000,000	51%	Property management service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES – continued

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. is accounted for as a subsidiary by virtue of the Company's control over it.

15 PREPAYMENTS FOR ACQUISITION OF PROPERTIES

The amounts represent the payments made by the Group for its acquisition of commercial properties that are situated in the PRC. On 18 January 2023, the Group entered into an acquisition agreement with a related party, Xi'an Financial Center Construction and Development Co., Ltd. to purchase part of the properties.

These properties are intended to be used by the Group as offices and they have been reclassified as ownership interests in buildings held for own use in other property, plant and equipment as at 31 December 2024 (see Note 11).

16 INVENTORIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Raw materials and consumables	330	840

- (a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Carrying amount of inventories consumed	84,461	73,214

All of the inventories are expected to be recovered within one year.

* The official names of these entities are in Chinese. The English translation names are for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Bills receivable	8,936	6,329
Trade receivables		
– Related parties	37,899	22,938
– Third parties	187,246	190,517
	234,081	219,784
Less: allowance for doubtful debts (Note 26(a))	(15,905)	(10,003)
Trade and bills receivables, net of loss allowance	218,176	209,781
Amounts due from related parties		
– Non-trade nature	293	–
Deposits	6,839	4,700
Receipts and payments on behalf of property owners	27,581	26,891
Prepayments in connection with the proposed initial listing of the Company's H shares	–	19,266
Others	9,765	7,186
Less: allowance for other receivables	(11,226)	(5,765)
Other receivables, net of loss allowance	33,252	52,278
Financial assets measured at amortised cost	251,428	262,059
Tax recoverable	1,246	248
	252,674	262,307

All of the trade and other receivables are expected to be recovered within one year.

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:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	182,324	182,289
1 to 2 years	30,904	18,857
2 to 3 years	4,948	8,635
	218,176	209,781

Further details of the Group's credit policy and credit risk arising from trade debtors are set out in Note 26(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 PREPAYMENTS

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Prepayments to:		
– Related parties	1,510	52
– Third parties	7,121	7,073
	8,631	7,125

All of the prepayments are expected to be recognised as expenses within one year.

19 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Cash on hand	2	15
Cash at bank	426,890	258,463
Cash at bank and on hand	426,892	258,478
Less: restricted cash at bank	(2,358)	(1,048)
Cash and cash equivalents	424,534	257,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 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.

	Interest-bearing borrowings RMB'000	Payables for interest expenses RMB'000	Lease liabilities RMB'000 (Note 21)	Total RMB'000
At 1 January 2023	12,000	–	–	12,000
Changes from financing cash flows:				
Repayments of interest-bearing borrowings	(12,000)	–	–	(12,000)
Interest paid	–	(194)	–	(194)
Interest element of lease rentals paid	–	–	(47)	(47)
Capital element of lease rentals paid	–	–	(373)	(373)
Total changes from financing cash flows	(12,000)	(194)	(420)	(12,614)
Other changes:				
Interest on interest-bearing borrowings (Note 6(a))	–	194	–	194
Interest on lease liabilities (Note 6(a))	–	–	47	47
Increase in lease liabilities from entering into new leases during the year	–	–	1,324	1,324
Total other changes	–	194	1,371	1,565
At 31 December 2023	–	–	951	951

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

19 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION – continued

(b) – continued

	Interest-bearing borrowings RMB'000	Payables for interest expenses RMB'000	Lease liabilities RMB'000 (Note 21)	Total RMB'000
At 1 January 2024	–	–	951	951
Changes from financing cash flows:				
Interest element of lease rentals paid	–	–	(63)	(63)
Capital element of lease rentals paid	–	–	(875)	(875)
Total changes from financing cash flows	–	–	(938)	(938)
Other changes:				
Interest on lease liabilities (Note 6(a))	–	–	63	63
Increase in lease liabilities from entering into new leases during the year	–	–	1,210	1,210
Total other changes	–	–	1,273	1,273
At 31 December 2024	–	–	1,286	1,286

(c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Within operating cash flows	1,165	1,058
Within financing cash flows	938	420
	2,103	1,478

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(Expressed in RMB unless otherwise indicated)

19 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION – continued

(c) Total cash outflow for leases – continued

These amounts relate to the following:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Lease rentals paid	2,103	1,478

20 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade payables		
– Related parties	8,407	6,475
– Third parties (Note (ii))	149,049	112,651
	157,456	119,126
Amounts due to related parties		
– Non-trade nature	6,624	1,766
– Considerations payable to related parties for business combinations under common control	–	37,846
	6,624	39,612
Other payables and accrued expenses:		
– Accrued payroll and other benefits	149,020	138,907
– Deposits	25,611	23,391
– Receipts and payments on behalf of property owners	98,404	95,719
– Receipts on behalf of residents/tenants	16,983	18,021
– Dividend payables	–	834
– Payables for expenditures incurred in connection with the proposed initial listing of the Company's H share	1,049	5,695
– Payables for maintenance and renovation (Note 24)	13,458	–
– Others	23,219	18,825
	334,368	341,004
Financial liabilities measured at amortised cost	491,824	460,130
Other taxes payable	5,257	6,385
	497,081	466,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

20 TRADE AND OTHER PAYABLES – continued

Note:

- (i) RMB15,876,000 was trade payables for supplier finance arrangement of the Group as at 31 December 2024 (31 December 2023: RMB Nil). The Group participates in a supplier finance arrangement under which its suppliers may elect to receive early payment of their invoices from a bank. Under the arrangement, the bank agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the bank 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 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 towards the bank 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.

All payables under the arrangement are classified as current as at 31 December 2024.

As of the end of reporting period, the ageing analysis of trade payables based on the invoice date, are as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	139,831	107,315
Over 1 year	17,625	11,811
	157,456	119,126

21 CONTRACT LIABILITIES

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Contract liabilities		
Prepayments received for rendering the services		
– Related parties	42	109
– Third parties	37,270	38,868
	37,312	38,977

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CONTRACT LIABILITIES – continued

Movements in contract liabilities

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Balance at 1 January	38,977	25,883
Increase in contract liabilities as a result of billing in advance	37,312	38,977
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	(38,977)	(25,883)
Balance at 31 December	37,312	38,977

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 2024 (31 December 2023: RMB Nil).

22 LEASE LIABILITIES

The lease liabilities were repayable as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Within 1 year	1,205	676
After 1 year but within 2 years	81	275
	1,286	951

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represent:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
PRC Corporate Income Tax		
At 1 January	4,204	12,879
Charged to profit or loss (Note 7(a))	13,961	13,026
Payments during the year	(13,732)	(21,701)
At 31 December	4,433	4,204

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION – continued

(b) Deferred tax assets recognised

The component of deferred tax assets recognised in the consolidated statement 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
1 January 2023	1,799	9,595	124	11,518
Credited/(charged) to profit or loss (Note 7(a))	579	(501)	824	902
Effect on deferred tax balances resulting from a change in tax rate (Note 7(a))	9	32	(73)	(32)
At 31 December 2023 and 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	4,021	9,033	5	13,059

24 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.

RMB13,458,000 has been classified as short-term payables (see Note 19) as at 31 December 2024 (31 December 2023: RMB Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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 statement 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 24(b))	Capital reserve RMB'000 (Note 24(b))	Statutory reserve RMB'000 (Note 24(c))	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2023	50,000	–	5,298	17,434	72,732
Changes in equity for the year:					
Profit and total comprehensive income for the year	–	–	–	33,241	33,241
Appropriation to reserves	–	–	3,324	(3,324)	–
Capital injection	–	84	–	–	84
Balance at 31 December 2023 and 1 January 2024	50,000	84	8,622	47,351	106,057
Changes in equity for the year:					
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
Balance at 31 December 2024	66,667	63,404	12,181	79,379	221,631

(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 2024 and 2023, which was RMB66,666,800 and RMB50,000,000, respectively. The movements are as follows:

	No. of shares	Share capital RMB'000
At 1 January 2023 and 31 December 2023	50,000,000	50,000
Issuance of shares by initial public offering (Note (i))	16,666,800	16,667
At 31 December 2024	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

(Expressed in RMB unless otherwise indicated)

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 (2023: 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 2024 and 2023.

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, 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.

The Group does not provide any guarantees which would expose the Group to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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, 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 2023: RMB5,474,000) 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 of 0.5% for the years ended 31 December 2024 and 2023.

The Group generally granted a credit term within 30 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 2024 and 2023.

	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	100.00	7,506	(7,506)
		225,145	(15,760)
Bills receivable	1.62	8,936	(145)
		234,081	(15,905)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS – continued

(a) Credit risk – continued

	Expected loss rate %	As at 31 December 2023 Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	1.09	177,975	(1,945)
1 to 2 years	6.67	20,205	(1,348)
2 to 3 years	21.41	10,988	(2,353)
Over 3 years	100.00	4,287	(4,287)
Bills receivable	1.09	213,455 6,329	(9,933) (70)
		219,784	(10,003)

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 2024 and 2023 is as follows:

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Balance at 1 January	10,003	10,673
Recognition/(reversal) of impairment losses during the year	5,902	(670)
Balance at 31 December	15,905	10,003

(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 20(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

(Expressed in RMB unless otherwise indicated)

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 2023					
Contractual undiscounted cash outflow					Carrying amount at 31 December RMB'000
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 (Note 20)	460,130	–	–	–	460,130
Lease liabilities (Note 22)	702	282	–	–	984
	460,832	282	–	–	461,114
					461,081

As at 31 December 2024					
Contractual undiscounted cash outflow					Carrying amount at 31 December RMB'000
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 (Note 20)	491,824	–	–	–	491,824
Lease liabilities (Note 22)	1,230	83	–	–	1,313
	493,054	83	–	–	493,137
					493,110

(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 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	5,741	6,441
Retirement scheme contributions	721	672
	6,462	7,113

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Significant related party transactions

The Group entered into the following transactions with its related parties.

Nature of related party transactions	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Render of services	58,362	54,041
Purchase of services	12,152	14,788
Repayments from related parties	–	7,500
Receipts on behalf of related parties	–	500
Payments on behalf of related parties	–	219
Payments for business combinations under common control	37,846	37,846
Interest income	–	107
Expense relating to short-term leases	204	814

(c) Balances with related party

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Trade nature (Note (i))		
Trade receivables	37,899	22,938
Prepayments	1,510	52
Trade payables	8,407	6,475
Contract liabilities	42	109
Lease liabilities	1,026	951
Non-trade in nature		
Prepayments for acquisition of properties	–	36,611
Other receivables	293	–
Other payables	6,624	39,612

Note:

- (i) The trade related balances with the related parties arose from the sales or purchase of goods or services with the related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS – continued

(c) Balances with related party – continued

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.

(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 Urban Construction Urban Renewal Co., Ltd.* 西安經開城建城市更新有限公司	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 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 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 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 Water Service Co., Ltd.* 西安經發水務有限公司	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 Lvjang 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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

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 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 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 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
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

* The official names of these entities are in Chinese. The English translation names are for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Non-current assets		
Investment property and other plant and equipment	61,741	22,956
Intangible assets	6,181	5,985
Deferred tax assets	5,364	4,611
Prepayments for acquisition of properties	–	36,611
Investment in subsidiaries	92,160	91,660
	165,446	161,823
Current assets		
Inventories	262	225
Trade and other receivables	165,162	152,373
Prepayments	6,634	5,050
Cash at bank and on hand	217,092	96,949
	389,150	254,597
Current liabilities		
Trade and other payables	298,053	280,282
Contract liabilities	30,347	26,709
Lease liabilities	285	261
Current taxation	4,070	2,584
	332,755	309,836
Net current assets/(liabilities)	56,395	(55,239)
Total assets less current liabilities	221,841	106,584
Non-current liabilities		
Deferred income	210	252
Lease liabilities	–	275
	210	527
NET ASSETS	221,631	106,057
CAPITAL AND RESERVES		
Share capital	66,667	50,000
Reserves	154,964	56,057
TOTAL EQUITY	221,631	106,057

Approved and authorised for issue by the board of directors on 26 March 2025.

Wu Suozheng
Chairman of the Board

Xu Fei
Financial Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

29 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2024, the directors consider the immediate parent and ultimate controlling party of the Group to be Kingfar Group and Kingfar Holdings respectively.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, <i>The effects of changes in foreign exchange rates – Lack of exchangeability</i>	1 January 2025
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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 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
"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 2024
"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
"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			
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	951,527	862,247	706,816	593,660
Gross Profit	143,220	118,036	100,997	86,226
Profit and total comprehensive income for the year	61,092	51,018	37,439	31,155
Profit and total comprehensive income attributable to equity shareholders of the Company	59,031	49,726	37,501	32,187
Non-current Assets	118,140	121,123	79,515	78,621
Current assets	688,527	528,750	459,569	395,437
Total assets	806,667	649,873	539,084	474,058
Non-current liabilities	3,593	17,537	16,856	28,918
Current liabilities	540,031	510,372	452,813	344,643
Total liabilities	543,624	527,909	469,669	373,561
Total equity	263,043	121,964	69,415	100,497
Total equity attributable to equity shareholders of the Company	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.