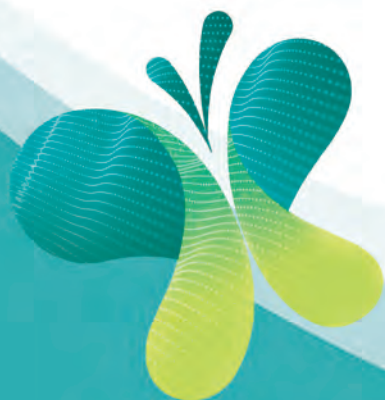


First Service Holding Limited
第一服务控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2107

ANNUAL REPORT 2025



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Peiqing (劉培慶)
(Chief executive officer and general manager)

Ms. Zhu Li (朱莉)

Mr. Wang Song (王松)
(appointed with effect from 26 January 2026)

Mr. Jin Chungang (金純剛)
(resigned with effect from 26 January 2026)

Non-executive Directors

Mr. Zhang Peng (張鵬) (*Chairman of the Board*)

Mr. Long Han (龍晗)

Mr. Wang Ziming (王子鳴)

Independent Non-executive Directors

Ms. Sun Jing (孫靜)

Mr. Cheng Peng (程鵬)

Mr. Yang Xi (楊熙)

COMPANY SECRETARY

Ms. Ng Sau Mei (伍秀薇) (*FCG, HKFCG*)

AUTHORIZED REPRESENTATIVES

Mr. Liu Peiqing

Ms. Ng Sau Mei

AUDIT COMMITTEE

Ms. Sun Jing (*Chairlady*)

Mr. Cheng Peng

Mr. Yang Xi

REMUNERATION COMMITTEE

Mr. Cheng Peng (*Chairman*)

Mr. Zhang Peng

Ms. Sun Jing

NOMINATION COMMITTEE

Mr. Yang Xi (*Chairman*)
(appointed as the Chairman with effect from 30 June 2025)

Ms. Zhu Li
(appointed with effect from 30 June 2025)

Mr. Cheng Peng

Mr. Zhang Peng (*Former Chairman*)
(resigned with effect from 30 June 2025)

HONG KONG LEGAL ADVISER

Han Kun Law Offices LLP
Rooms 4301–10, 43/F, Gloucester Tower
The Landmark, 15 Queen's Road Central
Hong Kong, China

INDEPENDENT AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

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

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman, KY1–1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

CORPORATE INFORMATION

PRINCIPAL BANK

China Guangfa Bank, Beijing Dongzhimen Branch
1/F, Tower A
Donghuan Plaza
9 Dongzhong Street, Dongcheng District
Beijing, PRC

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS

3rd Floor, Building 10
Wanguocheng MOMA
No. 1 Xiangheyuan Road, Dongzhimenwai
Dongcheng District
Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY'S WEBSITE

www.firstservice.hk

STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE

2107

FIVE-YEAR FINANCIAL SUMMARY

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,341,167	1,326,976	1,210,914	1,122,272	1,119,869
(Loss)/profit before income tax	(29,004)	(11,112)	88,604	62,896	39,292
(Loss)/profit for the year	(39,862)	(6,273)	70,147	50,544	33,609
Total comprehensive income for the year	(44,793)	(5,837)	76,099	64,524	24,832

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets					
Non-current assets	287,287	374,910	305,549	299,484	288,423
Current assets	1,290,580	1,309,532	1,166,387	1,069,825	1,069,451
Total assets	1,577,867	1,684,442	1,471,936	1,369,309	1,357,874
Equity and liabilities					
Equity attributable to the equity owners of the Company	537,387	619,205	657,490	629,280	637,478
Total equity	598,512	671,329	713,870	674,407	673,520
Non-current liabilities	7,185	8,904	8,845	28,214	42,544
Current liabilities	972,170	1,004,209	749,221	666,688	641,810
Total liabilities	979,355	1,013,113	758,066	694,902	684,354
Total equity and liabilities	1,577,867	1,684,442	1,471,936	1,369,309	1,357,874

MAJOR ACCOLADES AND AWARDS



16th among the 2025 Top 100 Property Management Companies in China



Top 17 Chinese Property Enterprises with Overall Strength in 2025



2025 Top 20 Companies in Residential Property Service



2025 Top 5 Listed Companies in Dividend Yield of China Property Management Service



2025 ESG Best Practice of China Listed Property Management Service Companies



2025 Top 100 High-quality Service Property Management Companies in China



2025 Top 100 Brand Influential Property Management Companies in China



2025 Leading Property Management Companies of China in Low-carbon Operations



2025 Chinese Property Service Benchmark Enterprise in Smart Service

MAJOR ACCOLADES AND AWARDS



2025 Chinese Property Service Benchmark Enterprise in Industrial Park Service



2025 Chinese Property Service Benchmark Enterprise in Featured Property — Community Value-added Services



2025 Leading Enterprise in Competitiveness of China's Property Service in Beijing



2025 Top 10 Brand Property Service Enterprises of Residential Property Service in Beijing



2025 Top 10 Brand Property Service Enterprises of Residential Property Service in Wuhan

CHAIRMAN'S STATEMENT

Dear Stakeholders,

On behalf of the Board, I am pleased to present the performance review of the Group for the year 2025 and the development outlook for the year 2026.

PERFORMANCE OVERVIEW

In 2025, the property service industry officially entered a period of profound adjustment, shifting from “incremental expansion to stock optimization, scale to quality”. Market structures were reshaped, value logic redefined, and competitive paradigms evolved. Anchored by the strategic pillars of “Excellent Service, Steady Growth and Innovation Capability”, First Service Holding strengthened its foundation and advanced with resilience, responding to uncertainty with strategic determination.

To address industry transformation, we established a three-dimensional strategic framework of “Service Upgrade – Value Creation – AI Empowerment”, advancing in a coordinated manner to secure the foundation for high quality development. During 2025, the Group recorded total revenue of RMB1,341.2 million and gross profit of RMB289.2 million, and a loss for the year of RMB39.9 million. Excluding the impact of impairment loss on trade receivables and contract assets and impairment loss on goodwill, core operating profit reached RMB112.8 million.

Excellent Service, Striving for Perfection. We believe service excellence lies in the details, and quality derives from commitment. Guided by the principles of “Smile Service, Clean Spaces, Immediate Action and Prompt Response”, we delivered warmth and resonance in every interaction. During the year, we established 21 “tripartite co-governance” benchmark projects. The Beijing Shangdi MOMA project received government funding support, while the Yingkou Linchang Tianbo project attracted provincial media attention. Reputation was earned through word of mouth, and trust was built through quality.

Steady Growth, Breakthrough and Shared Success. In an era of stock competition, we expanded with openness and deepened with focus. Despite intensifying market competition, the Group maintained steady progress, securing 147 new property service projects with contracted value of approximately RMB200 million (including mergers and acquisitions; 2024 contracted value was approximately RMB290 million). We successfully entered new sectors such as mining services, rail transit and expressway service areas, enhancing our multi-business capabilities. Revenue from value-added services continued to innovate, cultivating new growth curves while safeguarding the core business, achieving qualitative improvement.

Innovation Capability, Leading the Future with Intelligence. We bring technology back to the essence of service and harness intelligence to enrich living. Leveraging over 20 years of expertise in green buildings and energy system operations, we launched a smart AI cloud platform to provide intelligent operation and maintenance solutions for buildings across all sectors, delivering more energy-efficient and comfortable living experiences. The platform now manages an area of over 2 million square meters. A new “human-machine collaboration” service model has begun to take shape, quietly transforming the drivers of growth.

CHAIRMAN'S STATEMENT

OUTLOOK

In 2026, our core objective is "Value Beyond Expectations", enabling brand, service and technology to achieve genuine market premium and elevating high-quality development to new heights.

Uncompromising Quality, Building a Foundation of Trust. We will establish a graded service quality certification system, deepen operations of existing projects, and implement the service philosophy of "genuine care for every individual" at every touchpoint. We aim to achieve new highs in property owners' satisfaction, ensuring our "Four Safeguards and One Service" deliver true value and earn long-term trust through quality.

Unforgettable Experience, Creating Emotional Connection. We will upgrade the "Love My Community" initiative, weaving warm memories through festive themes and strengthening neighborhood bonds with convenient services. Property brokerage will evolve into "community life service integration", building a full-chain service ecosystem from housing transactions to community living. Communities will become not only places of residence but also spiritual homes with warmth.

Unrivaled Brand Strength, Unleashing Green Potential. We will transform our deep expertise in "green and low-carbon, energy management and technology property services", combined with innovative AI technology, into core capabilities that are priced, exportable and replicable. We will scale up AI smart energy management, making "green technology" a competitive edge in the market and seizing opportunities in the "dual carbon" era.

APPRECIATION

In 2026, we will remain true to our original aspirations with steadfast determination to "return to the essence", and advance with vigor through "consolidating our foundation and seeking innovation". Quality will grow in the details, and value will accumulate over time, as we jointly lead First Service Holding into a new era of high-quality development.

The Board extends heartfelt gratitude to our shareholders for their trust, to our clients for their support, and to our partners for their collaboration. Special thanks go to all employees and management, who embody professionalism in service, integrity in character, and dedication in executing our strategic blueprint.

A new journey has begun, and the drums of progress are sounding. Let us march forward together, across mountains and seas, to compose a new chapter.

Zhang Peng
Chairman

27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

We generate revenue primarily through our three business lines, namely (i) property management services, (ii) value-added services and (iii) green living solutions. Our revenue increased by approximately 1.1% from RMB1,327.0 million for the year ended 31 December 2024 to RMB1,341.2 million for the year ended 31 December 2025.

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Property management services	1,005,463	75.0	956,352	72.1
Value-added services	209,934	15.6	235,751	17.8
Green living solutions	125,770	9.4	134,873	10.1
Total	1,341,167	100.0	1,326,976	100.0

Property Management Services

Our property management services consist of cleaning, security, gardening, repair and maintenance services provided to property developers, property owners and residents. Revenue from property management services increased by approximately 5.1% from RMB956.4 million for the year ended 31 December 2024 to RMB1,005.5 million for the year ended 31 December 2025. This increase was primarily attributable to the transition of certain newly delivered projects in the previous year to normal operation this year.

The Group has shifted its focus from scale-driven growth to quality earnings growth and will no longer disclose operating area data of its projects.

Value-Added Services

We primarily provide five types of value-added services to non-property owners, property owners and residents, namely (i) sales assistance services, (ii) preliminary planning and design consultancy services, (iii) parking space management services, (iv) home living services, and (v) communal area leasing services.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth our revenue from value-added services by service type for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Value-added services to non-property owners				
Sales assistance services	9,683	4.6	12,920	5.5
Preliminary planning and design consultancy services	230	0.1	1,534	0.6
<i>Subtotal</i>	9,913	4.7	14,454	6.1
Community value-added services				
Parking space management services	81,070	38.6	80,140	34.0
Home living services	101,012	48.1	123,338	52.3
Communal area leasing services	17,939	8.6	17,819	7.6
<i>Subtotal</i>	200,021	95.3	221,297	93.9
Total	209,934	100.0	235,751	100.0

Revenue from value-added services decreased by approximately 11.0% from RMB235.8 million for the year ended 31 December 2024 to RMB209.9 million for the year ended 31 December 2025. This decrease was primarily due to our strategic contraction of certain low-margin and less resilient businesses in light of current macroeconomic volatility and weakening consumer expectations.

MANAGEMENT DISCUSSION AND ANALYSIS

Green Living Solutions

We provide green living solutions to property developers, property owners and residents, comprising (i) energy operation services, where we operate energy stations to provide central heating and cooling as an alternative to government-operated centralized heating systems; and (ii) systems installation and product sales, where we design and install energy systems to enhance indoor comfort, and sales of our self-developed AIRDINO systems, which singly combine comprehensive capabilities such as fresh air ventilation, temperature regulation, humidification control and air purification.

The following table sets forth our revenue from green living solutions by service category for the years indicated:

	For the year ended 31 December			
	2025		2024	
	RMB'000	%	RMB'000	%
Energy operation services	124,250	98.8	125,020	92.7
Systems installation and product sales	1,520	1.2	9,853	7.3
Total	125,770	100.0	134,873	100.0

Revenue from green living solutions decreased by approximately 6.7% from RMB134.9 million for the year ended 31 December 2024 to RMB125.8 million for the year ended 31 December 2025. Such decrease was primarily attributable to the contraction in system installation and product sales businesses as affected by the real estate cycle.

COST OF SALES

Our cost of sales increased by approximately 3.4% from RMB1,017.3 million for the year ended 31 December 2024 to RMB1,051.9 million for the same period in 2025, primarily due to our continued investments in quality enhancement and service upgrades.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit decreased by approximately 6.6% from RMB309.7 million for the year ended 31 December 2024 to RMB289.2 million for the same period in 2025. Our gross profit margin decreased from 23.3% for the year ended 31 December 2024 to 21.6% for the same period in 2025.

	For the year ended 31 December			
	2025		2024	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Property management services	206,147	20.5	206,621	21.6
Value-added services	56,280	26.8	76,784	32.6
Green living solutions	26,818	21.3	26,274	19.5
Total	289,245	21.6	309,679	23.3

Gross profit margin of property management services was 20.5% for the year ended 31 December 2025, representing a decrease of approximately 1.1 percentage points as compared to the same period last year. Such decrease was primarily attributable to (i) the increase in fixed operating costs resulting from certain newly delivered projects transitioning to normal operation; (ii) our continued focus on service quality, leading to increased investments in quality enhancement and service upgrades; and (iii) a further decrease in the gross profit margin of the public properties.

Gross profit margin of value-added services was 26.8% for the year ended 31 December 2025, representing a decrease of approximately 5.8 percentage points as compared to the same period last year, which was primarily due to the decrease in gross profit from community value-added services, particularly home living services, impacted by macroeconomic conditions and consumer spending.

Gross profit margin of green living solutions was 21.3% for the year ended 31 December 2025, representing an increase of approximately 1.8 percentage points as compared to the same period last year, which was primarily due to our deepened application of green technology and increased utilization of the AI smart cloud platform, which delivered notable energy saving results.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER NET INCOME

Our other net income increased by approximately 219.1% from RMB6.3 million for the year ended 31 December 2024 to RMB20.1 million for the year ended 31 December 2025. This increase was primarily attributable to (i) net valuation profit on financial assets measured at fair value through profit or loss of approximately RMB8.3 million recorded during the year (representing a significant improvement compared with the net loss in 2024); and (ii) increased gains on the strategic disposal of certain non-core subsidiaries.

SELLING EXPENSES

Our selling expenses decreased by approximately 17.7% from RMB20.3 million for the year ended 31 December 2024 to RMB16.7 million for the year ended 31 December 2025. This decrease was primarily attributable to our further optimization of the market expansion system, which allowed us to effectively manage and control costs while ensuring steady business development.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by approximately 7.6% from RMB173.2 million for the year ended 31 December 2024 to RMB160.1 million for the year ended 31 December 2025, primarily attributable to our effective cost management and control through comprehensive advancement of lean operations and organizational structure upgrades, supported by the deep coverage of middle and back office management systems.

IMPAIRMENT LOSS ON TRADE RECEIVABLES AND CONTRACT ASSETS

Our impairment loss on trade receivables and contract assets decreased by approximately 56.5% from RMB148.2 million for the year ended 31 December 2024 to RMB64.4 million for the year ended 31 December 2025. This decrease was primarily due to the full one-off provision for impairment loss on trade receivables from related-party real estate customers recognized in the same period last year, whereas no such large impairment was recognized in the current year.

INCOME TAX

We recorded income tax of RMB-4.8 million for the year ended 31 December 2024 while we recorded income tax of RMB10.9 million for the year ended 31 December 2025. This was primarily because (i) in the prior year, the Group made a substantial provision for impairment loss on trade receivables from related-party real estate customers and correspondingly recognized incidental deferred tax assets, whereas no such one-off tax disturbance occurred in the current year; and (ii) in the current year, a significant impairment loss on goodwill was recognized, which was not deductible for tax purposes and therefore could not generate tax benefits to offset current tax.

LOSS FOR THE YEAR

As a result of the foregoing, our loss for the year increased by approximately 535.5% from RMB6.3 million for the year ended 31 December 2024 to RMB39.9 million for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

TRADE AND OTHER RECEIVABLES

As of 31 December 2025, trade and other receivables amounted to RMB564.7 million, representing an increase of approximately 1.9% as compared to RMB554.3 million as of 31 December 2024.

TRADE AND OTHER PAYABLES

As of 31 December 2025, trade and other payables amounted to RMB431.1 million, representing a decrease of approximately 5.9% as compared to RMB458.3 million as of 31 December 2024.

GOODWILL

As of 31 December 2025, our goodwill amounted to RMB91.6 million, representing a decrease of approximately 49.1% from RMB179.8 million as of 31 December 2024. This decrease was primarily attributable to the recognition of a provision for impairment loss on goodwill, as the operating results of Qingdao Luohang Enterprises Management Co., Ltd.* (青島洛航企業管理有限公司), a subsidiary acquired by the Group, fell short of expectations in 2025 and its future business development and profit recovery were expected to face challenges.

CAPITAL STRUCTURE

Our total assets decreased from RMB1,684.4 million as of 31 December 2024 to RMB1,577.9 million as of 31 December 2025. Our total liabilities decreased from RMB1,013.1 million as of 31 December 2024 to RMB979.4 million as of 31 December 2025. Liabilities-to-assets ratio increased from 60.1% as of 31 December 2024 to 62.1% as of 31 December 2025.

The current ratio, being current assets divided by current liabilities as of the respective date, increased from 1.30 as of 31 December 2024 to 1.33 as of 31 December 2025.

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

The Group adopts a stable and prudent approach on its finance and treasury policy, aiming to maintain an optimal financial position and minimal financial risks. The Group regularly reviews its funding requirements to maintain adequate financial resources in order to support its current business operations as well as its future investments and expansion plans. For the year ended 31 December 2025, we financed our operations primarily through internal resources and the proceeds from the Global Offering of our Shares in connection with the listing of our Shares on the Stock Exchange. We mainly utilized our cash on payments on staff costs, purchases for services and materials and other working capital needs. Our cash and cash equivalents, which were mainly denominated in Renminbi, decreased by approximately 0.4% from RMB439.0 million as of 31 December 2024 to RMB437.2 million as of 31 December 2025. Taking into account the wealth management products amounting to RMB94.2 million and RMB55.4 million held by the Group as of 31 December 2024 and 2025, respectively, the Group's total liquidity decreased by approximately 7.6% from RMB533.2 million as of 31 December 2024 to RMB492.6 million as of 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Our gearing ratio, being total interest-bearing borrowings divided by total equity, increased from 0.27% as of 31 December 2024 to 0.33% as of 31 December 2025. In addition to bank loans of RMB0.5 million, our interest-bearing borrowings as of 31 December 2025 consisted of an amount due to a related party, being the payment of bank loans on behalf of the Group by a company controlled by Mr. Zhang Peng of RMB1.5 million (31 December 2024: RMB1.8 million) which bore an interest rate of 3.45% per annum.

CAPITAL EXPENDITURE

Our capital expenditure decreased by approximately 65.1% from RMB15.2 million for the year ended 31 December 2024 to RMB5.3 million for the same period in 2025. Our capital expenditure was used primarily for the purchase of office and other equipment, software and operation rights.

INDEBTEDNESS

Bank Loans

As of 31 December 2025, the Group had bank loans of RMB0.5 million (as of 31 December 2024: Nil) which were interest-bearing at a fixed rate of 2.85% per annum and repayable within one year.

CONTINGENT LIABILITIES

As of 31 December 2025, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of our Group that were likely to have a material and adverse effect on our business, financial condition or results of operations.

FULFILLMENT OF PERFORMANCE GUARANTEE

Pursuant to the Previous Transaction Documents (as defined in the announcement of the Company dated 10 March 2021), Mr. Bai Ding (白丁) and Dalian Chunhui Enterprise Management Service Centre* (大連春暉企業管理服務中心) covenanted, among others, that during the period from 1 January 2024 to 31 December 2033 (the “**Second Performance Undertaking Period**”), the revenue of Dalian Yahang Property Management Co., Ltd.* (大連亞航物業管理有限公司) (“**Dalian Yahang**”) in each year shall reach RMB90 million (the “**Dalian Yahang Guaranteed Revenue**”). If the Dalian Yahang Guaranteed Revenue is not met for any year during the Second Performance Undertaking Period, Mr. Bai Ding shall have no right to participate in the distribution of the net profits of Dalian Yahang for the relevant year.

Based on the financial information of Dalian Yahang for the year ended 31 December 2025, the actual revenue of Dalian Yahang has reached RMB90 million. Accordingly, the Dalian Yahang Guaranteed Revenue for the year ended 31 December 2025 had been fulfilled.

For details, please refer to the announcement of the Company dated 10 March 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board did not recommend the payment of any final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: a final dividend of HK3.4 cents per Share, being HK\$43.0 million in aggregate).

PLEDGE OF ASSETS

As of 31 December 2025, the Group did not pledge any of its assets.

FOREIGN EXCHANGE RISK AND HEDGING

The Group mainly operates in the mainland China with most of the transactions denominated and settled in Renminbi. The Group has not hedged its foreign currency exchange risks, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

MATERIAL ACQUISITIONS AND FUTURE PLANS FOR MAJOR INVESTMENT

The Group did not conduct any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2025. In addition, save for the expansion plans as disclosed in the sections headed "Business" and "Future Plans and Use of Proceeds" in the Prospectus, the Group has no specific plan for major investment or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development. The Group did not hold any significant investment as of 31 December 2025. In particular, the aggregate carrying amount of the Group's investments in wealth management products accounted for less than 5% of its total assets as of 31 December 2025.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent to 31 December 2025 and up to the date of this annual report which could have a material impact on the operating and financial performance of the Group.

Change of Executive Director

On 26 January 2026, Mr. Jin Chungang resigned as an executive Director due to a shift in his primary focus of work arrangements. He will continue to serve as the deputy general manager of the Group and remain fully responsible for the overall operation and daily management of companies in the northwest region of China. Mr. Jin has confirmed that he has no claim against the Company in respect of his resignation, has no disagreement with the Board, and there are no other matters relating to his resignation that need to be brought to the attention of the Shareholders or the Stock Exchange. On the same date, Mr. Wang Song was appointed as an executive Director. Mr. Wang has over 15 years of experience in property management and currently serves as the chief operating officer of the Group, responsible for assisting the general manager in implementing the Group's strategic business plans and supervising the daily management and overall operation of the Group's property management business. For details, please refer to the announcement of the Company dated 26 January 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 23 June 2026. A notice convening the AGM will be published and sent to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from Wednesday, 17 June 2026 to Tuesday, 23 June 2026 (both days inclusive). The record date is Tuesday, 23 June 2026. To be eligible to attend the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 16 June 2026.

COMPANY INFORMATION

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability, and the Shares of which were listed on the Main Board of the Stock Exchange on 22 October 2020.

EMPLOYEES

As of 31 December 2025, we had a total of 3,782 employees, all of whom were based in China.

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits.

We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented (i) the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with long-term core talent pools, (ii) the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external source, (iii) the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff, (iv) the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system, and (v) the "Long March Scheme" (長征計劃) to focus on the long-term growth of our employees, which includes creating a compliant and dedicated environment, focusing on the vitality of core talents, setting up employee care groups and performance counselling groups to care for the employees and conduct performance coaching to convey warmth of the organisation and foster service culture, improving the internal talent mobility mechanisms, and designing an appraisal mechanism related to performance and an incentive and accountability system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company. Moreover, we have adopted a Share Option Scheme (as defined below) to incentivize qualified employees and a Share Award Scheme (as defined below) to retain eligible persons.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Company was listed on the Stock Exchange on 22 October 2020. The net proceeds from the Global Offering amounted to approximately HK\$571.2 million, and have been, and are proposed to be, applied in accordance with the intended use of the proceeds as set out in (i) the section headed “Future Plans and Use of Proceeds” of the Prospectus; and (ii) the Company’s announcement dated 27 December 2023 in relation to the change in use of proceeds.

The following table sets forth the status of the use of net proceeds from the Global Offering⁽¹⁾ as of 31 December 2025:

Revised intended use of proceeds	Percentage of revised intended use of proceeds %	Revised intended use of proceeds from the Global Offering	Amount of utilized proceeds as of 31 December 2025 <i>In HK\$ millions</i>	Amount of unutilized proceeds balance as of 31 December 2025	Timeframe for the unutilized balance
Strategic acquisitions or investments in property management companies and market expansion	38.0	217.1	211.4	5.7	By the end of 2026
Distribute to the Shareholders by way of cash dividend	32.0	182.8	182.4	0.4	By the end of 2026
Develop our intelligent community and enhance our information technology systems	10.0	57.1	11.0	46.1	By the end of 2026
Upgraded our internal systems	2.8	16.0	3.2	12.8	By the end of 2026
Develop our intelligent community	7.2	41.1	7.8	33.3	By the end of 2026
Implementation of the “five talents” strategy (五才戰略) and other employee expenses	10.0	57.1	29.8	27.3	By the end of 2026
General business operations and working capital	10.0	57.1	57.1	–	–
Total	100.0	571.2	491.7	79.5	

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) The figures in the table are approximate figures.
- (2) To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if the Company is unable to put into effect any part of its plans as intended, the Company may temporarily use such funds to invest in short-term wealth management products so long as it is deemed to be in the best interests of the Company. In such event, the Company will comply with the appropriate disclosure requirements under the Listing Rules. Together with the income to be generated from the investment in wealth management products, the Company will continue to apply the unutilised net proceeds in the manner disclosed in the announcement of the Company dated 27 December 2023.

ROUNDING

Certain amounts and percentage figures included in this annual report have been subject to rounding adjustments. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND SENIOR MANAGEMENT

OUR DIRECTORS

Executive Directors

Mr. Liu Peiqing (劉培慶), aged 43, is our executive Director, chief executive officer and general manager. He was appointed as our Director, co-chief executive officer and general manager on 20 January 2020, and redesignated as our executive Director on 19 May 2020 and redesignated as our executive Director and chief executive officer on 20 November 2023. Mr. Liu is primarily responsible for formulating and implementing the strategic business goals of our Group and overseeing the daily management and overall operation of the property management business of our Group.

Mr. Liu has more than 20 years of experience in the property management industry. Prior to joining our Group, from October 2005 to June 2010, Mr. Liu served as a project manager of GSN (Shanghai) Property Services Co., Ltd. (皆斯內(上海)物業管理服務有限公司), a company primarily engaged in providing property management services in China. During that time, Mr. Liu was mainly responsible for the daily management and operation of property management projects. Mr. Liu joined First Property on 1 June 2010 and served as a project manager and deputy general manager until 7 January 2015, where he was responsible for property project management. From 8 January 2015, Mr. Liu has served as the general manager of First Property, where he is responsible for the daily operation and management of First Property. Mr. Liu has also served as the executive director of First Property since 19 December 2015, where he is responsible for formulating and implementing the strategic business goals of First Property and overseeing the daily management and overall operation of First Property. From 16 July 2015 to 30 April 2020, Mr. Liu served as an executive director of First Assets, where he was responsible for formulating and implementing the strategic business goals and the daily operation and management of First Assets. Mr. Liu also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Liu completed a vocational course in guesthouse services at Weifang No. 1 Vocational Secondary Professional School (濰坊第一職業中等專業學校) in June 1999 in the PRC. Mr. Liu is currently the executive chairman of the Beijing Real Estate Agents Alliance Property Management Committee (北京市房地產經理人聯盟物業管理委員會) and the deputy chairman of the China Real Estate Agents Alliance Property Management Committee (中經聯盟物業管理專委會). He has also been an executive council member of the China Real Estate Agents Alliance (中經聯盟) since December 2018, and a council member of the China Property Management Institute (中國物業管理協會) since June 2019.

Ms. Zhu Li (朱莉), aged 48, is our executive Director and chief financial officer. She was appointed as our Director and chief financial officer on 20 January 2020 and redesignated as our executive Director on 19 May 2020, where she is responsible for overseeing the financial operations and tax planning of our Group.

Ms. Zhu has had more than 18 years of experience of handling financial matters for companies. She joined First Property on 26 March 2008 and served as a financial manager until 20 August 2019, where she was responsible for managing the financial operations and preparing and executing the financial budget plans of First Property. From 21 August 2019 to 24 December 2019, Ms. Zhu served as an executive director and a general manager of finance of First Assets, where she was primarily responsible for strategic planning and financial management of First Assets. From 25 December 2019 to 30 April 2020, Ms. Zhu served as a non-executive director of First Assets, where she was responsible for the strategic planning of First Assets. From 25 December 2019, she has served as the chief financial officer and executive director of First Property, where she is responsible for the overall financial management and strategic planning of First Property.

DIRECTORS AND SENIOR MANAGEMENT

From 8 October 2019 to 18 December 2019, Ms. Zhu served as a non-executive director of First MOMA Sports Culture, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) from 10 October 2019 to 23 April 2020, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where she was responsible for providing advice for the companies' strategy formulation.

Ms. Zhu graduated from Qinghai University (青海大學) via self-taught higher education examinations majoring in accounting in December 2005 in the PRC. In 2020, Ms. Zhu completed the Advanced Management Course in Accounting from the University of International Business and Economics (對外經濟貿易大學). She obtained Intermediate Qualification Level in Accounting (會計中級資格) from Beijing Human Resources and Social Security Bureau (北京市人力資源和社會保障局) on 27 October 2013 in the PRC.

Mr. Wang Song (王松), aged 42, is our executive Director. He was appointed as our executive Director on 26 January 2026. Mr. Wang has over 16 years of experience in property management. Mr. Wang is the chief operating officer of the Group who is responsible for assisting the general manager in implementing the Group's strategic business plans and supervising daily management and overall operation of the property management business of the Group. From April 2010 to December 2019, he served as a customer service manager and project manager of First Property (Beijing), where he was responsible for the operation and management of the property management and business development. From January 2020 to December 2020, he served as the general manager of the operation management center of First Property (Beijing), where he was responsible for business expansion and management of multiple operations. From January 2021 to August 2022, he worked as the general manager of First MOMA Engineering Management (Beijing) Co., Ltd. (第一摩碼工程管理(北京)有限公司), mainly responsible for the daily management of the business operation of the company. Since September 2022, Mr. Wang has served as the general manager of the operation management center of First Property (Beijing), where he is responsible for assisting the general manager in the daily management of the business operation of the company. Since April 2025, he has served as the general manager of First Property (Beijing) for the northern region of China, where he is responsible for the daily management of the business operation of the company. Mr. Wang also holds directorships in the subsidiaries of the Company, namely, Beijing Zhanlan Times Property Service Co., Ltd. (北京綻藍時代物業服務有限公司), Xianning Shenlv Tonghui Property Service Co., Ltd. (咸寧深綠同惠物業服務有限公司) and Kunwu Home Technology (Beijing) Co., Ltd. (昆吾美居科技(北京)有限公司).

Mr. Wang obtained a diploma in property management from Beijing Jiaotong University Changping Vocational and Technical College (北京交通大學昌平職業技術學院) in 2005.

Non-executive Directors

Mr. Zhang Peng (張鵬), aged 51, is our non-executive Director and the chairman of our Board. He was appointed as our Director and the chairman of our Board on 20 January 2020 and redesignated as our non-executive Director on 19 May 2020. Mr. Zhang is primarily responsible for formulating and leading the overall development strategies and business plans of our Group.

Mr. Zhang has had more than 24 years of experience in the real estate and property development industry. Prior to joining our Group, Mr. Zhang served as the director of human resources, vice president and chief operating officer of Modern Land from November 2001 to 26 January 2014. Since 27 January 2014, Mr. Zhang served as the executive director and president of Modern Land, where he was responsible for the overall management and operation of the company. Since 9 November

DIRECTORS AND SENIOR MANAGEMENT

2022, Mr. Zhang has been the chairman of the board of Modern Land. From 18 July 2007 to 18 December 2015, Mr. Zhang served as an executive director of First Property, where he was responsible for the overall management and operation of First Property. Since 19 December 2015, he has been the chairman of the board and non-executive director of First Property, where he is responsible for the significant decision-making of First Property. Mr. Zhang also served as the executive director and manager of First Assets from August 2009 to 21 July 2021, where he was responsible for strategic decision-making and overall operation management of First Assets. From 22 July 2021 to 29 June 2023, Mr. Zhang served as the chairman of the board and non-executive director of First Assets, where he was responsible for the company's strategic planning. From 30 June 2023 to 29 February 2024, he served as a non-executive director of First Assets.

Mr. Zhang served as the chairman of the board and non-executive director of First MOMA Sports Culture from 19 December 2016 to 30 November 2021, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) from 28 December 2017 to 5 December 2021, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where he was responsible for the strategic planning of the companies.

Mr. Zhang obtained his bachelor's degree in law from Northwest Second Nationalities College (西北第二民族學院) (now known as North Minzu University (北方民族大學)) in July 1997 in the PRC. He also serves as the vice chairman of the China Real Estate Chamber of Commerce (全聯房地產商會) and the chairman of the Fine Decoration Council of China Real Estate Chamber of Commerce (全聯房地產商會精裝產業分會).

Mr. Long Han (龍晗), aged 38, was appointed as our Director on 20 January 2020 and redesignated as our non-executive Director on 19 May 2020. Mr. Long is primarily responsible for formulating and leading the overall development strategies and business plans of our Group.

Mr. Long has more than 16 years of experience in the property management industry. Mr. Long served as the director of information operations center and deputy general manager of First Property from 2 August 2010 to 30 September 2015, where he was responsible for building and implementing the information operations system and the daily management of First Property. Mr. Long has been appointed as the non-executive director of First Property since 19 December 2015, where he is responsible for guiding major strategies of First Property. Mr. Long has been appointed as an executive director of First Assets since 16 July 2015, where he is responsible for formulating and implementing the strategic business objectives of First Assets and the daily operation and management of First Assets. Since 29 June 2023, he has been appointed as the chairman of the board of First Assets and is responsible for formulating and executing the company's strategic business goals. Mr. Long also holds directorships and other positions in a number of other subsidiaries of our Company.

Mr. Long is a non-executive director of First MOMA Sports Culture since 19 December 2016, a company primarily engaged in preschool education services and fitness services, and Bigger Eco Technology (Xi'an) Co., Ltd (倍格創業生態科技(西安)股份有限公司) (stock code: 873162) since 28 December 2017, a company primarily engaged in providing integrated solutions for office space for small and medium-sized enterprises, both of which are listed on the NEEQ, and where he is responsible for providing advice for the companies' strategy formulation. Mr. Long obtained his bachelor's degree in information management and information systems from Beijing Union University (北京聯合大學) in July 2010 in the PRC.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wang Ziming (王子鳴), aged 31, was appointed as our non-executive Director on 13 May 2024.

Mr. Wang has been an investment manager of Century Golden Resources Investment Group Co., Ltd. (世紀金源投資集團有限公司) since August 2020. He is responsible for external equity investment and industrial capital operation of Century Golden Resources Investment Group Co., Ltd.. Prior to that, from October 2017 to August 2020, Mr. Wang worked at PricewaterhouseCoopers Zhong Tian LLP, in which his last position was senior auditor, where he was responsible for the provision of annual audit, IPO audit and special audit services for listed companies.

Mr. Wang graduated with a bachelor's degree in management from Lanzhou University in the PRC. Mr. Wang has passed The Association of Chartered Certified Accountants (ACCA) examination in October 2019, and passed The Chinese Institute of Certified Public Accountants (CICPA) Professional Stage examination in November 2021.

Independent Non-executive Directors

Mr. Cheng Peng (程鵬), aged 52, was appointed as our independent non-executive Director on 21 July 2020.

Mr. Cheng has over 15 years of experience in property management services field. He is a professor of the department of property management of the school of economic management of Beijing Forestry University (北京林業大學) and started to serve as head of the department from September 2012. From July 1998 to July 2009, he worked as a lecturer and then a deputy professor at the college of management science and information engineering of Jilin University of Finance and Economics (吉林財經大學). From July 2009 to July 2011, he conducted post-doctoral research in management science and engineering at the Graduate School of Chinese Academy of Sciences (中國科學院研究生院) (now known as University of Chinese Academy of Sciences (中國科學院大學)).

Mr. Cheng obtained his bachelor's degree in economic information management from Changchun College of Taxation (長春稅務學院) (now known as Jilin University of Finance and Economics (吉林財經大學)) in the PRC in July 1998. He obtained his master's degree in business administration from Jilin University (吉林大學) in the PRC in June 2005. He obtained his doctor's degree in management science and engineering from Jilin University (吉林大學) in the PRC in June 2009. Mr. Cheng has been a member of the Specialized Committee of Real Estate Market Services of the Science Technology Committee of MOHURD (住房和城鄉建設部科學技術委員會房地產市場服務專業委員會) since 17 September 2019. He has been the deputy secretary of the Chinese Association for Science of Science and S&T Policy (中國科學與科技政策研究會) since 30 March 2018. He also currently serves as a member of the National Property Standardization Technical Committee (全國物業標準化技術委員會). Mr. Cheng has been serving as a member of the Specialized Committee of Community Construction of the Science Technology Committee of MOHURD (住房和城鄉建設部科學技術委員會社區建設專業委員會) since 4 August 2020. Since 11 October 2021, Mr. Cheng has been an independent non-executive director of Beijing Capital Jiaye Property Services Co., Limited (北京京城佳業物業股份有限公司) (stock code: 2210), a company listed on the Stock Exchange. Since 10 April 2025, Mr. Cheng has also served as the deputy director of the Professional Committee for Human Resources Development of the China Property Management Institute (中國物業管理協會).

Ms. Sun Jing (孫靜), aged 48, was appointed as our independent non-executive Director on 21 July 2020.

Ms. Sun has over 25 years of experience in handling financial matters of companies. She is the co-founder of Beijing Mars Technology Co., Ltd. (北京瑪泰科技有限公司), a company primarily engaged in providing internet information and technology services, since 12 February 2019, where she is responsible for the financial management and operation and

DIRECTORS AND SENIOR MANAGEMENT

overseeing the investment and financing matters of the company. From July 2001 to October 2004, she worked at Great Wall Broadband Network Service Co., Ltd. (長城寬帶網路服務有限公司), a company primarily engaged in providing broadband services. From August 2005 to October 2007, she worked at SAP (Beijing) Software System Co., Ltd. (思愛普(北京)軟件系統有限公司), a company primarily engaged in providing software and technology solutions. From December 2007 to May 2012, she worked at Lenovo (Beijing) Co., Ltd. (聯想(北京)有限公司), a company primarily engaged in personal computer businesses. From September 2012 to April 2016, she worked at Beijing Lianjia Real Estate Agency Co., Ltd. (北京鏈家房地產經紀有限公司), a company primarily engaged in real estate agency businesses. From May 2016 to June 2017, she worked at Beijing Ziroom Life Enterprise Management Co., Ltd. (北京自如生活企業管理有限公司), a company primarily engaged in providing residential products and services.

Ms. Sun obtained her on-the-job postgraduate degree in accounting from Central University of Finance and Economics (中央財經大學) in the PRC in January 2008. Ms. Sun obtained her bachelor's degree in financial accounting education from Hebei Normal University of Vocational Technology (河北職業技術師範學院) (now known as Hebei Normal University of Science & Technology (河北科技師範學院)) in the PRC in June 2001. She has been a non-practicing member of the Beijing Institute of Certified Public Accountants (北京註冊會計師協會) since 7 September 2010.

Mr. Yang Xi (楊熙), aged 46, was appointed as our independent non-executive Director on 5 September 2024.

Mr. Yang has 22 years of experience in media and research in the real estate and property industries. From July 2004 to February 2008, Mr. Yang served as the chief editor at Sina.com Technology (China) Co., Ltd., an online media company, mainly responsible for managing the operation of the real estate channel. From February 2008 to January 2015, he worked as the chief editor of Beijing Yisheng Leju Information Service Co., Ltd., an online to offline real estate service provider listed on the New York Stock Exchange (stock code: LEJU), mainly responsible for website publishing and editing. From January 2015 to February 2019, he served as the chief operating officer at Shanghai Weimi Business Information Consulting Co., Ltd., mainly responsible for the company's operations and management. The company is mainly engaged in business information consulting services. From February 2019 to March 2023, Mr. Yang worked at Beijing CRMRI Information Technology Co., Ltd. as the legal representative, director and manager, mainly responsible for the management of the company, which is mainly engaged in information technology business. From March 2023 to October 2025, he served as a supervisor at Roiserv Lifestyle Services Co., Ltd. (a company listed on the Stock Exchange, stock code: 02146). Since June 2021, he has been appointed as an independent non-executive director of Dexin Services Group Limited (a company listed on the Stock Exchange, stock code: 02215). Since May 2023, he has been working for Beijing Zhongwu Zhihui Information Technology Co., Ltd. (北京中物智匯信息科技股份有限公司) as a legal representative, director and manager, mainly responsible for the management of the company, which is mainly engaged in the information technology business.

Mr. Yang was a supervisor and shareholder of Beijing Tianlun Real Estate Brokerage Co., Ltd. (北京天倫房地產經紀有限公司), of which the business license was revoked on 30 December 2008. He confirmed that to the best of his knowledge and belief, as at the date of this annual report, no claim had been made against him and he was not aware of any threatened or potential claim against him and there are no outstanding claims and/or liabilities arising from the deregistration of the said company.

Mr. Yang obtained a bachelor's degree in arts from Beijing Technology and Business University in June 2001.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Jin Chungang (金純剛), aged 48, our deputy general manager, is fully responsible for the overall operation and daily management of our subsidiaries in the northwest region of China. He was appointed as our Director and deputy general manager on 20 January 2020 and served as an executive Director from 19 May 2020 to 26 January 2026.

Mr. Jin has more than 20 years of experience in the property management business. Prior to joining our Group, from September 2006 to February 2009, Mr. Jin served as a manager of the order maintenance department of Beijing Luneng Property Service Co., Ltd. (北京魯能物業服務有限責任公司), a company primarily engaged in property management services. During that time, Mr. Jin was responsible for maintaining the operation and discipline of the company. From 17 February 2009 to 7 January 2015, Mr. Jin served as the project manager of First Property, where he was responsible for operating and managing property projects and business development of First Property. From 8 January 2015, Mr. Jin has served as the deputy general manager of First Property, where he is responsible for assisting the general manager in the daily management of First Property. From 7 August 2016, Mr. Jin has also served as an executive director of First Property, where he is responsible for formulating and executing the strategic business goals of First Property. Mr. Jin also holds directorships and other positions in a number of other subsidiaries of our Company.

Ms. Niu Jiao (牛嬌), aged 46, was appointed as the secretary of our Board on 20 January 2020. She is mainly responsible for overseeing the financing and securities affairs, investor relations, market value management and listing compliance management of our Group.

Ms. Niu has over 19 years of experience in administration and compliance matters and industry research. From July 2007 to April 2010, Ms. Niu served as an industry analyst of the Beijing representative office of The Freedonia Group Inc. (美國弗裡多尼亞集團公司北京代表處), a market research company, where she was responsible for drafting industry research reports. Ms. Niu was the head of human resources and administration department and general manager assistant of Tianjin Tenio Architecture and Engineering Co., Ltd (天津市天友建築設計股份有限公司), a company principally engaged in construction design and consultation, from January 2011 to January 2015. During that time, Ms. Niu was responsible for strategic planning, designing shareholding structure and managing human resources. Ms. Niu served as deputy director of human resources center of First Property from 27 March 2015 to 18 December 2015, where she was responsible for equity management and investor relations management, and has been appointed as the secretary of the board of directors since 19 December 2015, where she is responsible for the corporate governance, capital operations, equity management, investor relations management and information disclosure of First Property.

Ms. Niu obtained her bachelor's degree in packaging engineering from Xi'an University of Technology (西安理工大學) in July 2002, and obtained her master's degree in management science and engineering from Beijing University of Chemical Technology (北京化工大學) in June 2007 in the PRC. Ms. Niu has obtained board secretary qualification certificates from the Shenzhen Stock Exchange in October 2016 and the Shanghai Stock Exchange in September 2017, respectively.

Company Secretary

Ms. Ng Sau Mei (伍秀薇) has been appointed as our company secretary with effect from the 20 June 2023. Ms. Ng is the director and head of the Listing Services Department of TMF Hong Kong Limited and is responsible for the provision of corporate secretarial and compliance services to listed company clients. She has over 20 years of experience in the company secretarial field and has extensive knowledge and experience in dealing with corporate governance, regulatory and compliance affairs of listed companies. Ms. Ng holds a Master's Degree in Laws from University of London and a Bachelor's Degree in Laws from City University of Hong Kong, and is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

CORPORATE GOVERNANCE REPORT

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance its corporate value and accountability. The Company has adopted the CG Code as its own code of governance. The Company has complied with all the applicable code provisions set out in the CG Code during the year ended 31 December 2025. The Company will continue to review and monitor its corporate governance practices to ensure compliance and alignment with the measures and standards set out in the CG Code.

BOARD OF DIRECTORS

Culture and Values

A healthy corporate culture is essential to the realisation of the Group's vision and strategy. The responsibility of the Board is to build a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategy are aligned with the corporate culture.

Vision

It is committed to becoming a leader that offers green technology and property management service

Orientation

It positions itself as an operator of full life scene industrial homes with green technology

Mission

To provide customers with comfortable and healthy living experiences with green technology

Brand Philosophy

Sincerely love and care for everyone

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility of day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

CORPORATE GOVERNANCE REPORT

All Directors shall ensure that they execute their duties in good faith, in compliance with applicable laws and regulations and in a manner consistent with the interests of the Company and the Shareholders at all times.

The Company has maintained appropriate liability insurance for legal proceedings against Directors and will review the coverage of the insurance annually.

Board Composition

As at the date of this annual report, the Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors as follows:

Executive Directors:

Mr. Liu Peiqing
Ms. Zhu Li
Mr. Wang Song

Non-executive Directors:

Mr. Zhang Peng (*Chairman*)
Mr. Long Han
Mr. Wang Ziming

Independent Non-executive Directors:

Ms. Sun Jing
Mr. Cheng Peng
Mr. Yang Xi

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

During the year ended 31 December 2025, the Board has complied with requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules in relation to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules in relation to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company has reviewed their independence based on the criteria set out in Rule 3.13 of the Listing Rules and considers each of them to be independent.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

A summary of the Board Diversity Policy is set out as follows:

Currently, the Board comprises nine members, including one female executive Director and one female independent non-executive Director. Pursuant to the Board Diversity Policy, we aim to maintain at least a 20% female representation in the Board and the composition of the Board satisfies this target gender ratio. Nevertheless, in recognising the particular importance of gender diversity, we confirm that the Nomination Committee will use its best efforts to identify and recommend suitable female candidates to the Board for its consideration. We will implement policies to ensure that there is gender diversity when recruiting staff at the mid to senior level so that we will have a pipeline of female senior management and potential successors to the Group at all times. Furthermore, we will implement comprehensive programmes aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, information technology, accounting and financial management, risk management, corporate governance and evaluation of properties and assets. They obtained degrees in various majors including law, business administration, accounting, information management and information systems and public administration. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of the Board. Furthermore, the Board has a wide range of age, ranging from 31 to 52 years old.

The Nomination Committee is responsible for ensuring the diversity of the Board members. The Nomination Committee reviews the Board Diversity Policy from time to time to ensure its continued effectiveness and the Company discloses in the corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Currently, two out of the nine Board members are female Directors, namely executive Director Ms. Zhu Li and independent non-executive Director Ms. Sun Jing, accounting for approximately 22%, which meets the requirement of at least 20% female representation as set out in the Board Diversity Policy. The Company believes that it has achieved gender diversity on its Board. As at 31 December 2025, we had 3,782 employees (including the senior management), of which 56.4% are male and 43.6% are female. Accordingly, the Company also believes that it has achieved gender diversity in its workforce. The Company has no policy restricting gender diversity. It has always attached importance to equal employment and protection of the legitimate rights and interests of female employees.

During the year ended 31 December 2025, the Board and the Nomination Committee have reviewed the implementation and effectiveness of the Board Diversity Policy. Taking into account the Company's existing business model and specific needs as well as the different backgrounds of Directors, the Board is of the view that the Board Diversity Policy remains in effect and its composition satisfies the Board Diversity Policy.

CORPORATE GOVERNANCE REPORT

Save as disclosed in the biographies of Directors set out in the section headed "Directors and Senior Management" in this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/ relevant relationship) with any other Directors or chief executives.

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

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

Board Independence

The Board reserves for its decision on major matters of the Company, including: approval and monitoring of material policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), material financial information, appointment of Directors and other significant financial and operational matters. The mechanisms that the independent views and input are available to the Board are as follows:

1. The day-to-day management, administration and operation of the Company are delegated to senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management;
2. The Company reports to the Board on a monthly basis its main operating conditions, important matters and important news in the form of the Monthly Board Report;
3. Directors periodically review the Company's annual results announcements, audit reports, annual reports, environmental, social and governance reports, interim results announcements and interim reports;
4. Directors may attend monthly, quarterly and annual operation meetings of the Company to review its operation and management;
5. The Board is encouraged to independently consult with the senior management of the Company;
6. Directors, especially executive Directors, who are also the principal persons in charge of business operation and management, directly participate in business development and related matters; and
7. The Directors may, at the Company's expense, seek independent professional advice when performing their duties.

The Board shall review the implementation and effectiveness of the above mechanisms on an annual basis to ensure independent views and inputs are available to the Board.

CORPORATE GOVERNANCE REPORT

Induction and Continuous Professional Development

All newly appointed Directors are provided with necessary induction and information to ensure that they have a proper understanding of the Company's operations and businesses as well as their responsibilities under relevant statutes, laws, rules and regulations. The Company also arranges regular seminars for Directors to provide updated information on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Company encourages all Directors to seek continuous professional development to develop and refresh their knowledge and skills. The company secretary of the Company updates and provides written training materials on the roles, functions and duties of Directors from time to time.

Mr. Wang Song was appointed as an executive Director on 26 January 2026, and he obtained from the Company's legal adviser the legal opinion pursuant to Rule 3.09D of the Listing Rules on 26 January 2026, confirming that he understood his obligations as a Director.

According to information provided by the Directors, a summary of training received by the Directors during the year ended 31 December 2025 is as follows:

Name of Director	Nature of Continuous Professional Development Programme
Mr. Liu Peiqing	A/B/C/D
Mr. Jin Chungang ¹	A/B/C/D
Ms. Zhu Li	A/B/C/D
Mr. Zhang Peng	A/B/C/D
Mr. Long Han	A/B/C/D
Mr. Wang Ziming	A/B/C/D
Ms. Sun Jing	A/B/C/D
Mr. Cheng Peng	A/B/C/D
Mr. Yang Xi	A/B/C/D

Note:

1 Mr. Jin Chungang resigned as an executive Director on 26 January 2026.

A: attending seminars and/or conferences and/or forums and/or briefings

B: delivering talks at seminars and/or conferences and/or forums

C: attending training organised by a law firm and training in relation to businesses of the Company

D: reading materials relating to different types of topics, including corporate governance, directors' duties, Listing Rules, and other relevant laws

CORPORATE GOVERNANCE REPORT

Chairman of the Board and Chief Executive Officer

According to code provision C.2.1 of the CG Code, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. Mr. Zhang Peng serves as the chairman of the Board and Mr. Liu Peiqing serves as the chief executive officer with clear distinction in responsibilities for the two separate positions. The chairman of the Board is responsible for providing strategic advice and guidance on the development of the Group, while the chief executive officer is responsible for the day-to-day operations of the Group.

Besides, code provision C.2.7 of the CG Code states that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the year ended 31 December 2025, the chairman of the Board had held a meeting with the independent non-executive Directors without the presence of other Directors.

Appointment and Re-election of Directors

Each of our executive Directors has entered into a service contract with the Company, and the Company has issued a letter of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors (other than Mr. Wang Song) and the letters of appointment with each of our non-executive Directors (other than Mr. Wang Ziming) and each of our independent non-executive Directors (other than Mr. Yang Xi) are for an initial fixed term of three years commencing from 28 September 2020. The service contract of Mr. Wang Song, an executive Director, is for a term of three years commencing from 26 January 2026, and the letters of appointment of Mr. Wang Ziming, a non-executive Director, and Mr. Yang Xi, an independent non-executive Director, are for an initial fixed term of three years commencing from 13 May 2024 and 5 September 2024, respectively. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors has entered into or has proposed to enter into a service contract or letter of appointment with any member of the Group, other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

According to article 16.19 of the Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election thereat.

According to article 16.2 of the Articles of Association, any Director be appointed to fill a casual vacancy on as an addition to the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Procedures and processes for the appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the composition of the Board and making recommendations to the Board on the appointment, re-election and succession plans of the Directors.

CORPORATE GOVERNANCE REPORT

Board Meetings

The Company has adopted the practice of regularly holding Board meetings at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting.

For other Board meetings and Board Committee meetings, reasonable notice is given by the Company. The meeting notices including the agenda and related Board papers are dispatched at least three days before the Board meetings or Board Committee meetings to ensure that the Directors have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the chairmen of the relevant Board Committees prior to the meeting. Minutes of meetings shall be kept by the company secretary of the Company with copies circulated to all Directors for information and records.

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

During the year ended 31 December 2025, the Board held 5 Board meetings and 3 general meetings. The attendance of individual Directors at the Board meetings and general meetings is set out in the table below:

Director	Number of Board Meetings Attended/Eligible to Attend	Number of general Meetings Attended/Eligible to Attend
Mr. Liu Peiqing	5/5	2/3
Mr. Jin Chungang ¹	5/5	3/3
Ms. Zhu Li	5/5	2/3
Mr. Zhang Peng	5/5	2/3
Mr. Long Han	4/5	2/3
Mr. Wang Ziming	4/5	3/3
Ms. Sun Jing	5/5	3/3
Mr. Cheng Peng	5/5	3/3
Mr. Yang Xi	5/5	3/3

Note:

1 Mr. Jin Chungang resigned as an executive Director on 26 January 2026.

CORPORATE GOVERNANCE REPORT

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After making specific enquiry to all Directors, the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the year ended 31 December 2025.

Delegation by the Board

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

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

Corporate Governance Function

The Board confirms that corporate governance is a collective responsibility of Directors and their corporate governance duties include:

- (a) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and the Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations and report relevant matters to the Board;
- (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and
- (f) to review and monitor the Company's compliance with its whistleblowing policy.

During the year ended 31 December 2025, the Board has performed and carried out the abovementioned corporate governance function.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

Audit Committee

The Audit Committee currently comprises independent non-executive Directors Ms. Sun Jing, Mr. Cheng Peng and Mr. Yang Xi. Ms. Sun Jing is the chairman of the Audit Committee.

The primary duties of the Audit Committee are as follows:

1. to make recommendations to the Board on the appointment, re-appointment and removal of the external Auditor, approve the remuneration and terms of engagement of the external Auditor, and deal with any questions of its resignation or dismissal;
2. to monitor the integrity of the Company's financial statements and annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and review significant financial reporting judgements contained in the statements and reports; and
3. to review the financial controls, risk management and internal control systems of the Company and discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to establish effective systems.

During the year ended 31 December 2025, the Audit Committee held three meetings. The attendance at the meetings is set out in the table below:

Director	Number of Meetings Attended/Eligible to Attend
Ms. Sun Jing	3/3
Mr. Cheng Peng	3/3
Mr. Yang Xi	3/3

At the meetings, the Audit Committee:

- reviewed the annual results and relevant financial reports of the Group for the year ended 31 December 2024;
- reviewed the interim results and relevant financial reports of the Group for the six months ended 30 June 2025;
- reviewed the reports published by the Auditor in relation to the Group's annual results for the year ended 31 December 2024 and the Group's interim results for the six months ended 30 June 2025;
- reviewed the financial reporting system, risk management and internal control systems of the Group and made recommendations to the Board and matters raised by the Auditor that need attention; and
- reviewed the effectiveness of the Company's internal audit functions.

CORPORATE GOVERNANCE REPORT

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

Nomination Committee

The Nomination Committee currently comprises independent non-executive Directors Mr. Yang Xi and Mr. Cheng Peng, and executive Director Ms. Zhu Li. Mr. Yang Xi is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are as follows:

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually assist the Board in maintaining a Board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's strategy;
2. to formulate a policy of selection and nomination of Directors and the procedures for the sourcing of suitably qualified Directors for consideration of the Board and implement such plan and procedures approved;
3. to identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;
4. to assess the independence of independent non-executive Directors;
5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive officer;
6. to review the Board Diversity Policy; and
7. to support the Company's regular evaluation of the Board's performance.

Nomination Policy

The Nomination Committee shall recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following nomination procedures and selection criteria:

Nomination Procedures

1. The Nomination Committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, and referral by other members of the management and external recruitment agents.

CORPORATE GOVERNANCE REPORT

2. The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of a new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship.
3. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
4. For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out below to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of a Director at the general meeting of the Company.

Selection Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorships:

1. Characters including integrity, honesty and fairness;
2. Backgrounds and qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business operations and corporate strategies;
3. Commitment to understanding the Company and its industry, willingness to devote adequate time to discharge duties as a Board member and abilities to assist the Board in fulfilling its responsibilities;
4. Requirement for the Board to have a sufficient number of independent non-executive Directors in accordance with the Listing Rules and assessment of the independence of the candidates;
5. The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, skills, age, cultural and educational background, industry experience, technical and professional experience and/or qualifications, knowledge, ethnicity, length of services and time to be devoted as a Director; and
6. Such other factors relating to the Company's business model and specific needs from time to time, and the contribution that the selected candidates will bring to the Board.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Nomination Committee held one meeting. The attendance at the meeting is set out in the table below:

Director	Number of Meeting Attended/Eligible to Attend
Mr. Yang Xi ¹	1/1
Ms. Zhu Li ²	0/0
Mr. Cheng Peng	1/1
Mr. Zhang Peng ³	1/1

Notes:

- 1 Mr. Yang Xi was appointed as the chairman of the Nomination Committee on 30 June 2025.
- 2 Ms. Zhu Li was appointed as a member of the Nomination Committee on 30 June 2025.
- 3 Mr. Zhang Peng ceased to be the chairman and a member of the Nomination Committee on 30 June 2025.

At the meeting, the Nomination Committee:

- reviewed the structure, number of members and composition of the Board;
- assessed the independence of independent non-executive Directors;
- considered the candidates of retiring Directors for re-election; and
- reviewed the Board Diversity Policy and the progress on implementing the said policy.

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

Remuneration Committee

The Remuneration Committee currently comprises independent non-executive Directors Mr. Cheng Peng and Ms. Sun Jing and non-executive Director Mr. Zhang Peng. Mr. Cheng Peng is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are as follows:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for developing remuneration policy;
2. to formulate the policy of executive Directors' remuneration, evaluate performance of the executive Directors and approve terms of service contracts of executive Directors;

CORPORATE GOVERNANCE REPORT

3. to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules; and
4. to make recommendations to the Board on the remuneration of non-executive Directors.

During the year ended 31 December 2025, the Remuneration Committee held one meeting. The attendance at the meeting is set out in the table below:

Director	Number of Meeting Attended/Eligible to Attend
Mr. Cheng Peng	1/1
Mr. Zhang Peng	1/1
Ms. Sun Jing	1/1

At the meeting, the Remuneration Committee:

- reviewed the remuneration packages of the Directors and senior management of the Company for the year of 2025;
- reviewed and made recommendations to the Board on the remuneration policy and structure relating to the Directors and senior management of the Company for the year of 2026; and
- reviewed the implementation of the Share Option Scheme and Share Award Scheme.

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

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established the Remuneration Committee to review the remuneration policy of the Group and the remuneration structure of all Directors and the Group's senior management, taking into account the Group's operating results, individual performance and comparable market practices. Details of the Remuneration Committee and other relevant information are set out in the section headed "Remuneration Committee" of this Corporate Governance Report.

The remuneration policy for Directors and senior management of the Company is as follows: (i) to uphold the principle of combining distribution according to work with responsibilities, rights and interests; (ii) to implement the principle of linking income level with the Company's benefits and work objectives; (iii) to carry out the principle of aligning remuneration with the long-term interests of the Company; and (iv) to carry out the principle of "rewards and punishments, equal rights and responsibilities".

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Details of the remunerations of the Directors for the year ended 31 December 2025 are set out in note 8 to the consolidated financial statements and the details of the remuneration of senior management of the Company by band are set out below:

Remuneration Band (HK\$)	Number of individuals
0–1,000,000	1
1,000,001–1,500,000	–

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2025 which give a true and fair view of the situation of the Company and the Group and of the Group's results and cash flows.

The management has provided necessary explanation and information to the Board so as to enable the Board to make an informed assessment of the financial statements of the Company which were put to the Board for approval. The Company has provided monthly updates on the performance and prospects of the Company to all members of the Board.

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

The statement by the Auditor regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 64 to 69 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibilities for maintaining a sound internal control and risk management (including environmental, social and governance risks) systems of the Group to protect the interests of the Group and Shareholders, and regularly reviewing and supervising the effectiveness of the internal control and risk management systems to ensure its effectiveness and sufficiency. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not eliminating the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

The Group has established an internal control organisation system with well-formed organisational structure, clear rights and responsibilities, clear division of labour and well-equipped personnel in accordance with relevant laws and regulations and the needs for business management and risk management, and it is clearly stipulated that the Audit Centre is responsible for performing internal audit functions, overseeing the risk management and internal control systems of the Group on an ongoing basis and reviewing the adequacy and effectiveness of the systems annually. The review covers all material controls, including financial, operational and compliance controls.

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The Audit Centre oversees the continuous improvement and enhancement of the management in the areas of risk management and internal control and submits the relevant review reports for the risk management and internal control systems of the Company to the Audit Committee. The Audit Committee reviews the risk management and internal control systems of the Company. The Board shall take ultimate responsibility for the sound and effective implementation of the Company's risk management and internal control systems and be responsible for reviewing their effectiveness.

Under the CG Code, the Audit Centre has incorporated whistleblowing and anti-corruption into the scope of its management. The Audit Centre has formulated a whistleblowing policy and system, established policies and systems that promote and support anti-corruption laws and regulations, and set up and made public a hotline and an email box, among others, for reporting fraud, as channels for employees at all levels to report and expose actual or suspected fraud. A confidentiality policy and an avoidance system are adopted in handling reports. The Audit Centre carries out anti-corruption and anti-fraud investigations and organises integrity training.

The Group's internal control management focuses on the four major areas, which are system building, atmosphere creation, routine auditing and control testing, continuously auditing operations, monitoring the implementation of standards, maintaining the control environment, conducting fraud investigations, promoting a culture of integrity and safeguarding the "Five Don't" principles.

The Audit Centre monitors the internal governance of the Company and provides independent assurances as to the adequacy and effectiveness of the Company's risk management and internal control systems. The senior executive in charge of the Audit Centre reports directly to the Audit Committee. The internal audit reports on internal control's effectiveness are submitted to the Audit Committee in line with agreed audit plan approved by the Board. The Audit Centre carried out analyses and independent appraisals of the adequacy and effectiveness of the risk management and internal control systems of the Company twice during the year ended 31 December 2025 and reported the findings to the management of the Company and the Audit Committee. The senior executives in charge of the Audit Centre attended the meeting of the Audit Committee to explain the internal audit findings and responded to queries from members of the Audit Committee.

The Company has followed internal guidelines to ensure that inside information is released to the public in a fair and timely manner in accordance with applicable laws and regulations. The senior management of the Group's investor relations, corporate affairs and financial control functions are delegated the responsibility to monitor and oversee compliance with appropriate procedures in the disclosure of inside information. Only relevant senior management is entitled to inside information on a "need-to-know" basis at all times. Relevant personnel and other relevant professionals are required to maintain the confidentiality of such inside information before it is publicly disclosed. The Company has also implemented other relevant procedures, such as pre-approval of trading in the Company's securities by Directors and designated members of management, notification to Directors and employees of regular blackout periods and restrictions on trading in securities, and identification of items by code, to prevent possible improper handling of inside information within the Group.

The Company has adopted arrangements to assist employees and other stakeholders in raising concerns about possible frauds in financial reporting, internal control and other matters in confidentiality. The Audit Committee regularly reviews these arrangements and ensures that appropriate arrangements are in place for fair and independent investigations into these matters and for taking appropriate follow-up actions.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Audit Committee has conducted a review of the effectiveness of the Company's risk management and internal control systems. During the year ended 31 December 2025, there were no significant matters relating to risk management and internal control systems that required the attention and action from the Company.

The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Group throughout the year ended 31 December 2025 provides reasonable assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks.

The Board believes that the existing risk management and internal control system is adequate and effective. The Board has also reviewed the resources, qualifications and experience of the staff of the Group's accounting and financial reporting function, and their training programmes and budget, and is satisfied with the adequacy of the above aspects.

AUDITOR'S REMUNERATION

The remuneration for audit services and non-audit services provided by the Auditor to the Company during the year ended 31 December 2025 was as follows:

Type of Services	Amount (RMB)
Audit services	1,760,000
Non-audit services	–

COMPANY SECRETARY

Ms. Ng Sau Mei, a director of the Listing Services Department of TMF Hong Kong Limited, a global corporate services provider, serves as the company secretary of the Company. Her primary contact person at the Company is Ms. Niu Jiao, the secretary of the Board.

Ms. Ng Sau Mei has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the year ended 31 December 2025.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

CORPORATE GOVERNANCE REPORT

The annual general meeting of the Company provides an opportunity for Shareholders to communicate directly with the Directors. The chairman of the Board and the chairmen of the Board Committees will attend the annual general meeting to answer Shareholders' questions. The Auditor will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and contents of the Auditor's report, accounting policies and Auditor's independence.

To promote effective communication, the Company has adopted the shareholder communication policy with an aim to establish relations and communication between the Company and Shareholders, and maintains a website at www.firstservice.hk and email at diyifuwu@firstservice.hk. The up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access on its website. Shareholders who intend to put forward their enquiries or express their opinions about the Company to the Board may email their enquiries to the Investor Relation Department of the Company at diyifuwu@firstservice.hk.

During the year ended 31 December 2025, the Company reviewed the implementation and effectiveness of the shareholder communication policy and confirmed that the policy had been properly implemented and was considered effective.

Dividend Policy

The Company considers stable and sustainable returns to our Shareholders to be its goal. The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements, economic outlook and interests of our Shareholders. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Companies Act, including the approval of our Shareholders.

SHAREHOLDERS' RIGHTS

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

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

CORPORATE GOVERNANCE REPORT

CONVENING AND PUTTING FORWARD PROPOSALS AT AN EXTRAORDINARY GENERAL MEETING

According to the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, Shares representing not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

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

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board may email their enquiries to the Investor Relation Department of the Company at diyifuwu@firstservice.hk.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there was no change in the Memorandum and Articles of Association.

DIRECTORS' REPORT

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

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 20 January 2020, as an exempted company with limited liability under the Companies Law. The Shares were listed on the Main Board of the Stock Exchange on 22 October 2020.

PRINCIPAL ACTIVITIES

The Group primarily provides property management services and green living solutions that cover the full property life-cycle in China. Details of the principal activities of the principal subsidiaries are set out in note 17 to the consolidated financial statements.

BUSINESS REVIEW

The business review and performance analysis of the Group for the year ended 31 December 2025 is set out in the section headed "Chairman's Statement" from pages 7 to 8 and "Management Discussion and Analysis" from pages 9 to 19 of this annual report.

FUTURE DEVELOPMENT FOR 2026

The future business development of the Group is set out in the section headed "Chairman's Statement" from pages 7 to 8 and "Management Discussion and Analysis" from pages 9 to 19 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group primarily provides property management services and green living solutions in China and is subject to laws and regulation regarding environmental protection. During the year ended 31 December 2025, the Group has complied with relevant laws and regulations in its business operation. Details of such are set out in the Environmental, Social and Governance Report of the Company for the year ended 31 December 2025 which is published at the same time as the publication of this annual report on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.firstservice.hk) pursuant to the Listing Rules.

IMPORTANT RELATIONSHIPS

Relationship with Our Customers

Our customer base is large and diverse, which primarily consists of property developers, property owners and residents. While catering to all stages of the property life cycle, we strive to provide our customers with digitally connected, green and healthy living experiences in residential and non-residential properties. Revenue derived from our five largest customers accounted for 7.9% of our total revenue for the year ended 31 December 2025.

DIRECTORS' REPORT

Relationship with Our Suppliers

Our suppliers are primarily human resources companies and suppliers of public utilities. For the year ended 31 December 2025, the total purchases from our five largest suppliers in aggregate accounted for 37.3% of our total purchases, and purchases from our largest suppliers accounted for 17.2% of our total purchases.

Normally, we do not have any long-term agreements with our major suppliers, but we typically enter into agreement with terms ranging from one to three years with our subcontractors. We did not experience any breach of our subcontracting agreements by our subcontractors during the year ended 31 December 2025.

All of our top five largest suppliers are independent third parties. Save as disclosed in this annual report, none of our Directors, their associates or any of our current Shareholders (who, to the knowledge of our Directors, own more than 5% of our share capital of our Company) had any interest in any of our top five largest customers or suppliers that is required to be disclosed under the Listing Rules for the year ended 31 December 2025.

Relationship with Employees

We believe that the long-term sustainable development of our employees is an important factor to the long-term growth of the Group's performance. We implemented (i) the "Talented Apprentice" (匠才生) recruitment and training scheme to recruit fresh graduates with bachelor's degree and above, so as to provide the Company with long-term core talent pools, (ii) the "Talented Leaders Scheme" (將才計劃) to hunt for and bring in mature business and management talents from external source, (iii) the "Starlight Training Scheme" (星光培訓計劃) to guarantee the provision of systematic training for the promotion of internal staff, (iv) the "Star Rating Scheme" (星級評定計劃) to attract external talents and retain internal outstanding employees by constructing a differentiated salary system, and (v) the "Long March Scheme" (長征計劃) to focus on the long term growth of our employees, which includes creating a compliant and dedicated environment, focusing on the vitality of core talents, setting up employee care groups and performance counselling groups to care for the employees and conduct performance coaching to convey warmth of the organisation and foster service culture, improving the internal talent mobility mechanisms, and designing an appraisal mechanism related to performance and an incentive and accountability system. We also initiated the "Feng He Scheme" (風禾計劃) to attach importance to the self-improvement of senior managements and executives of the Company and lay a solid foundation for the management of the Company, so as to maintain a rapid and healthy development for our Company. We pay social insurance, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing provident fund contributions for our employees. Moreover, we have adopted a Share Option Scheme to incentivize qualified employees and a Share Award Scheme to retain eligible persons. For more information of our Share Option Scheme and Share Award Scheme, please refer to the section headed "Share Option Scheme" and "Share Award Scheme" in this Directors' Report.

CERTIFICATES, LICENSES AND PERMITS AND COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2025, we obtained all material certificates, licenses and permits from relevant regulatory authorities necessary for our business operations, which were all in force. For more details regarding our compliance with relevant laws and regulations, please refer to the Environmental, Social and Governance Report.

DIRECTORS' REPORT

LITIGATION

During the year ended 31 December 2025, the Company was not involved in any material litigation or arbitration, and no material litigation or claim to the Directors' knowledge is pending or threatening against the Company.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There is no significant event subsequent to 31 December 2025 and up to the date of this annual report which could have a material impact on the operating and financial performance of the Group.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2025 are set out on pages 70 to 158 of this annual report.

Property and Equipment

Details of movements in the property and equipment of the Group during the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements in this annual report.

Final Dividend

The Board did not recommend the payment of any final dividend for the year ended 31 December 2025 (for the year ended 31 December 2024: a final dividend of HK3.4 cents per Share, being HK\$43.0 million in aggregate).

Distributable Reserves

Details of the movements in the distributable reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 27 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Reserves

Changes to the reserves of the Group during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity in this annual report.

Share Capital

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

Bank Loans

As of 31 December 2025, the Group had bank loans of RMB0.5 million (as of 31 December 2024: Nil) which were interest-bearing at a fixed rate of 2.85% per annum and repayable within one year.

DIRECTORS' REPORT

Pledge of Assets

As of 31 December 2025, the Group did not have any pledge on its assets.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 4 of this annual report.

CHANGES IN DIRECTORS' INFORMATION

Mr. Yang Xi ceased to serve as the supervisor of Roiserv Lifestyle Services Co., Ltd. (a company listed on the Stock Exchange, stock code: 02146), with effect from 21 October 2025.

Mr. Wang Song was appointed as an executive Director with effect from 26 January 2026.

Mr. Jin Chungang resigned as an executive Director with effect from 26 January 2026.

Save as disclosed above, there has been no change to the information of the Directors subsequent to the date of the interim report of the Company for the six months ended 30 June 2025 and up to the date of this annual report, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2025, the Company had entrusted the trustee under the Share Award Scheme to purchase, in aggregate, 8,460,000 Shares on market at the aggregate consideration of approximately RMB2.3 million, representing approximately 0.7% of the total issued Shares as at 31 December 2025. No award shares under the Share Award Scheme were granted nor vested during the year ended 31 December 2025, and the trustee held 48,582,500 Shares in trust under the Share Award Scheme, representing approximately 3.8% of the total issued Shares as at 31 December 2025. The trustee is a professional entity authorised to provide trustee services under Hong Kong law and for the purpose of the Share Award Scheme, it is a third party independent of the Company and/or any of its connected persons and has no connection with the Company and/or any of its connected persons.

Save as disclosed above, during the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities (including sale of treasury Shares, if any) of the Company. As of 31 December 2025 and as of the date of this annual report, the Company did not hold any treasury Shares.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally approved and adopted by our Shareholders on 25 September 2020 and effective upon Listing. The purpose of the Share Option Scheme is to provide our Company with a means of incentivizing any Eligible Person (as defined in the Prospectus) who has contributed or will contribute to our Group and retaining employees, and to encourage employees to work towards enhancing the value of our Company and promote the long-term growth of our Company. The Share Option Scheme will link the value of the Company with the interests of the participants, enabling the participants and the Company to develop together and promote the Company's corporate culture.

DIRECTORS' REPORT

Subject to earlier termination by our Company in general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten years commencing on 25 September 2020, with a remaining life of four years and five months as at the date of this annual report. The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option schemes existing at such time shall not exceed 10% of the total number of Shares in issue as of the Listing Date. The maximum number of Shares which may be awarded to an Eligible Person under the Share Option Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

Subject to the terms of grant of any option, an option may be exercised by the grantee at any time during the option period and in accordance with the vesting schedule and other terms specified in the grant offer. The participants of the Share Option Scheme are required to pay HK\$1.00 as consideration for the acceptance of an option granted to them.

The exercise price shall be a price determined by the Board at the Board's absolute discretion and notified to an Eligible Person but in any event shall be at least the higher of (i) the closing price of the Shares on the offer date; (ii) the average of the closing price of the Shares for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share on the offer date. Since the adoption of the Share Option Scheme and up to 31 December 2025, no options had been granted or agreed to be granted, and thus no options had been exercised, cancelled or lapsed under the Share Option Scheme.

As of 1 January 2025 and 31 December 2025, the total number of new Shares available for further grant under the Share Option Scheme was 100,000,000, representing approximately 7.9% of the issued share capital of the Company as of 1 January 2025 and 31 December 2025, and the Company has not yet adopted a service provider sublimit.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 10 May 2021 to recognise the contributions by certain Eligible Participants (as defined in the announcement of the Company dated 10 May 2021) and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be valid and effective for a term of ten years commencing on 10 May 2021, with a remaining life of five years and one month as at the date of this annual report. The Board shall not make any further award of such number of shares as awarded by the Board to a Selected Participant (as defined in the announcement of the Company dated 10 May 2021) which will result in the nominal value of the shares awarded by the Board under the Share Award Scheme being equal to or greater than 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. No award shares under the Share Award Scheme were granted nor vested since the adoption of the Share Award Scheme and for the year ended 31 December 2025. As of 31 December 2025, the employee share trusts held 48,582,500 Shares, representing approximately 3.8% of the issued share capital of the Company as of 31 December 2025.

As of 1 January 2025 and 31 December 2025, the total number of new Shares available for further grant under the Share Award Scheme was 40,122,500 and 48,582,500, representing approximately 3.2% and 3.8% of the issued share capital of the Company as of 1 January 2025 and 31 December 2025, respectively.

The total number of new Shares which is available for issue under the Share Option Scheme and the Share Award Scheme is 100,000,000, representing approximately 7.9% of the issued Shares (excluding treasury Shares) as of the date of this annual report.

DIRECTORS' REPORT

On 29 July 2021, the Company was informed that Cedar Group, one of the controlling Shareholders of the Company, adopted a share award scheme (the “**Cedar Share Award Scheme**”) for eligible persons in order to retain them for the continuous operation and development of the Group, and to attract suitable personnel for further development of the Group. The award shares will be satisfied by the existing Shares beneficially owned by Cedar Group and no new Share will be issued by the Company as a result of the grant of award shares under the Cedar Share Award Scheme. In 2021, a total of 63,782,250 Shares, representing all Shares held by Cedar Group before the adoption of the Cedar Share Award Scheme which were available for grant, have been granted and vested. No awards were granted under the Cedar Share Award Scheme for the year ended 31 December 2025.

DIRECTORS

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

Executive Directors

Mr. Liu Peiqing (*Chief executive officer and general manager*)
 Ms. Zhu Li
 Mr. Wang Song (appointed with effect from 26 January 2026)
 Mr. Jin Chungang (resigned with effect from 26 January 2026)

Non-executive Directors

Mr. Zhang Peng (*Chairman of the Board*)
 Mr. Long Han
 Mr. Wang Ziming

Independent Non-executive Directors

Ms. Sun Jing
 Mr. Cheng Peng
 Mr. Yang Xi

In accordance with the Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Therefore, Mr. Zhang Peng, Ms. Sun Jing and Mr. Cheng Peng will retire by rotation at the AGM and intend to be re-elected.

In accordance with the Articles of Association, the Board has the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. The Director so appointed as mentioned above shall hold office until the first annual general meeting of the Company and shall then be eligible for re-election at that meeting. Accordingly, Mr. Wang Song will retire at the AGM and intends to be re-elected.

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

DIRECTORS' REPORT

Directors' Service Contracts and Letters of Appointment

Each of our executive Directors has entered into a service contract with our Company, and we have issued a letter of appointment to each of our non-executive Directors and each of our independent non-executive Directors. The service contracts with each of our executive Directors (other than Mr. Wang Song) and the letters of appointment with each of our non-executive Directors (other than Mr. Wang Ziming) and each of our independent non-executive Directors (other than Mr. Yang Xi) are for an initial fixed term of three years commencing from 28 September 2020. The service contract of Mr. Wang Song, an executive Director, is for a term of three years commencing from 26 January 2026, and the letters of appointment of Mr. Wang Ziming, a non-executive Director, and Mr. Yang Xi, an independent non-executive Director, are for an initial fixed term of three years commencing from 13 May 2024 and 5 September 2024, respectively. The service contracts and the letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

None of our Directors proposed for re-election at the AGM has a service contract or letter of appointment with any member of our Group that is not determinable by our Group within one year without payment of compensation, other than statutory compensation.

Confirmation of Independence of Independent Non-executive Directors

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors (being Ms. Sun Jing, Mr. Cheng Peng and Mr. Yang Xi), and the Company considers such Directors to be independent for the year ended 31 December 2025.

Directors' and Controlling Shareholders' Interests in Transactions, Arrangements or Contracts of Significance

Other than the related party transactions disclosed in note 31 to the consolidated financial statements and the connected transactions as disclosed in the section headed "Connected Transactions" in this Directors' Report, no Director had either direct or indirect material interest in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and there was no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling Shareholders or any of its subsidiaries, subsisted at the end of, or at any time during the year ended 31 December 2025.

DIRECTORS' REPORT

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As of 31 December 2025, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been 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 they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

1. Interests in the Company

Name of Director	Nature of Interest	Number of Shares held ⁽⁷⁾	Approximate percentage of shareholding interest ⁽¹⁾
Zhang Peng ⁽⁵⁾	Beneficial owner	8,225,000	0.65%
	Interest in controlled corporation ⁽²⁾	170,777,250	13.51%
Liu Peiqing	Interest in controlled corporation ⁽³⁾	12,991,250	1.03%
Long Han	Interest in controlled corporation ⁽⁴⁾	10,511,250	0.83%
Zhu Li	Beneficial owner	676,155	0.05%
Jin Chungang ⁽⁶⁾	Beneficial owner	1,007,282	0.08%

Notes:

- (1) The percentage represents the number of Shares interested divided by the number of issued Shares as of 31 December 2025 (i.e. 1,264,000,000).
- (2) The Shares are registered under the name of Hao Fung, which is wholly owned by Mr. Zhang Peng. Accordingly, Mr. Zhang Peng is deemed to be interested in all the Shares held by Hao Fung.
- (3) The Shares are registered under the name of Liu Pei Qing Management, which is wholly owned by Mr. Liu Peiqing. Accordingly, Mr. Liu Peiqing is deemed to be interested in all the Shares held by Liu Pei Qing Management.
- (4) The Shares are registered under the name of Long Han Management, which is wholly owned by Mr. Long Han. Accordingly, Mr. Long Han is deemed to be interested in all the Shares held by Long Han Management.
- (5) Mr. Zhang Peng, together with Mr. Zhang Lei, being parties acting in concert, were interested in 513,929,000 Shares, representing approximately 40.66% of the number of the issued Shares as of 31 December 2025.
- (6) Mr. Jin Chungang resigned as an executive Director with effect from 26 January 2026.
- (7) All interests stated are long positions.

DIRECTORS' REPORT

2. Interests in associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Amount of share capital held	Approximate percentage of shareholding ⁽¹⁾
Zhang Peng	First Living ⁽¹⁾	Beneficial owner	RMB1,317,397	3.8%

Note:

(1) First Living, a non-wholly owned subsidiary of the Company and thus an associated corporation of the Company.

Save as disclosed above, as of 31 December 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As of 31 December 2025, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares ⁽⁸⁾	Approximate percentage of interest in the Company ⁽¹⁾
Zhang Lei ⁽²⁾	Interest in controlled corporation	334,926,750	26.50%
Yu Jinmei ⁽³⁾	Interest of spouse	334,926,750	26.50%
Glorious Group ⁽²⁾	Beneficial owner	334,926,750	26.50%
Printrust Company (Singapore) Limited ⁽⁴⁾⁽⁵⁾	Trustee	264,000,000	20.89%
Wang Yujuan ⁽⁶⁾	Interest of spouse	179,002,250	14.16%
Hao Fung ⁽⁷⁾	Beneficial owner	170,777,250	13.51%

DIRECTORS' REPORT

Name of Shareholder	Nature of Interest	Number of Shares ⁽⁸⁾	Approximate percentage of interest in the Company ⁽¹⁾
Huang Tao ⁽⁵⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	158,400,000	12.53%
Platinum Wish Limited ⁽⁵⁾	Beneficial owner	158,400,000	12.53%
Joy Deep Limited ⁽⁵⁾	Beneficial owner	158,400,000	12.53%
Huang Shiyong ⁽⁴⁾	Founder of a discretionary trust who can influence how the trustee exercises his discretion	105,600,000	8.35%
View Max Limited ⁽⁴⁾	Beneficial owner	105,600,000	8.35%
Joy Riding Limited ⁽⁴⁾	Beneficial owner	105,600,000	8.35%
Shanghai CDH Yaojia Venture Capital Center (Limited Partnership)	Beneficial owner	86,424,000	6.84%

Notes:

- (1) The percentage represents the number of Shares interested divided by the number of issued Shares as of 31 December 2025 (i.e. 1,264,000,000).
- (2) Glorious Group is wholly owned by Mr. Zhang Lei. Therefore, Mr. Zhang Lei is deemed under the SFO to be interested in 334,926,750 Shares held by Glorious Group as of 31 December 2025.
- (3) Ms. Yu Jinmei, the spouse of Mr. Zhang Lei, is deemed under the SFO to be interested in these 334,926,750 Shares in which Mr. Zhang Lei is deemed to be interested.
- (4) View Max Limited is interested in 105,600,000 Shares, which is owned by Joy Riding Limited (樂行有限公司) as to 99% and Leisure Light Limited (悠光有限公司) as to 1%, respectively. Joy Riding Limited is held by Leading Trend Family Trust, the founder and settlor of which is Mr. Huang Shiyong (黃世燮). Printrust Company (Singapore) Limited is the trustee of Leading Trend Family Trust. Mr. Huang Shiyong and his family members are beneficiaries of Leading Trend Family Trust. As such, each of Printrust Company (Singapore) Limited, Joy Riding Limited and Mr. Huang Shiyong is deemed to be interested in the 105,600,000 Shares held by View Max Limited.

DIRECTORS' REPORT

- (5) Platinum Wish Limited is interested in 158,400,000 Shares, which is owned by Joy Deep Limited (悦深有限公司) as to 99% and Prime Elegance Limited (至雅有限公司) as to 1%, respectively. Joy Deep Limited is held by Sparkle Fortune Family Trust, the founder and settlor of which is Mr. Huang Tao (黄涛). Printrust Company (Singapore) Limited is the trustee of Sparkle Fortune Family Trust. Mr. Huang Tao and his family members are beneficiaries of Sparkle Fortune Family Trust. As such, each of Printrust Company (Singapore) Limited, Joy Deep Limited and Mr. Huang Tao is deemed to be interested in the 158,400,000 Shares held by Platinum Wish Limited.
- (6) Ms. Wang Yujuan, the spouse of Mr. Zhang Peng, is deemed under the SFO to be interested in these 179,002,250 Shares in which Mr. Zhang Peng is deemed to be interested.
- (7) Hao Fung is wholly owned by Mr. Zhang Peng. Therefore, Mr. Zhang Peng is deemed under the SFO to be interested in these 170,777,250 Shares held by Hao Fung.
- (8) All interests stated are long positions.

Save as disclosed above, as of 31 December 2025, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There is no arrangement for pre-emptive rights under the Articles of Association, although there are no restrictions against such rights under the laws in the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders of the Company.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS' REPORT

EMOLUMENT POLICY

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and discretionary bonuses. We determine employee remuneration based on factors such as qualifications and years of experience. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. We make contributions to mandatory social security funds for our employees to provide for retirement, medical, work-related injury, maternity and unemployment benefits. We offer competitive compensation packages and systematic training programs and development programs across all levels to attract and retain our employees. We aim at creating a value-oriented ecosystem and open communication atmosphere. Moreover, we have adopted a Share Option Scheme for incentivising qualified employees and a Share Award Scheme to retain eligible participants. For more information of our Share Option Scheme and Share Award Scheme, please refer to the section headed "Share Option Scheme" and "Share Award Scheme" in this Directors' Report. Our Group has established a Remuneration Committee to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement. In general, our Group determines the emolument payable to our Directors based on each Director's time commitment and responsibilities, salaries paid by comparable companies as well as the employment conditions elsewhere in our Group.

EMPLOYEE BENEFITS

Particulars of the employee benefits of the Group are set out in note 6(b) to the consolidated financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained minimum public float of 25% as required under the Listing Rules during the year ended 31 December 2025.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Other than disclosed under the section headed "Share Option Scheme" and "Share Award Scheme" in this Directors' Report, the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, have not entered into any arrangement to enable the Directors or chief executive of the Company or their respective associates to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Each of our controlling Shareholders and Directors confirms that he/she/it or his/her/its respective close associates was not interested in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules, during the year ended 31 December 2025.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Every Director, Auditor or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officers of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. Subject to the Companies Act, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability. Such provisions were in force throughout the year ended 31 December 2025 and are currently in force. The Company has arranged for appropriate insurance cover for Directors' liabilities in respect of legal actions that may be brought against the Directors.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Main Board of the Stock Exchange on 22 October 2020, with a total of 250,000,000 Shares being issued. Based on the final offer price of HK\$2.40 per Share, the net proceeds from the Global Offering to be received by the Company, after deduction of underwriting fees and commission, and other estimated expenses payable by the Company in connection with the Global Offering are approximately HK\$571.2 million. Details of the Group's use of proceeds from the Global Offering as of 31 December 2025 are set out in the section headed "Management Discussion and Analysis — Use of Proceeds" in this annual report.

CONNECTED TRANSACTIONS

Non-exempt Continuing Connected Transactions

Master Maintenance Services Agreement with Fujian Yongfeng Jiye Mechanical and Electrical Installation Engineering Co., Ltd. ("Fujian Yongfeng")

On 12 July 2024, the Company and Fujian Yongfeng and its subsidiaries and 30%-controlled companies (collectively "**Fujian Yongfeng Group**") entered into the master maintenance services agreement ("**Fujian Yongfeng Master Maintenance Services Agreement**"), pursuant to which the members of the Group shall purchase maintenance services, including elevator system maintenance services, from the members of Fujian Yongfeng Group.

Fujian Yongfeng is ultimately owned as to 64.74% by Mr. Huang Tao (黃濤), a substantial Shareholder, who indirectly holds approximately 12.53% of the entire issued share capital of the Company. Hence, Fujian Yongfeng, being an associate of Mr. Huang Tao, is a connected person of the Company, and the transaction contemplated under the Fujian Yongfeng Master Maintenance Services Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

The term of Fujian Yongfeng Master Maintenance Services Agreement is from 12 July 2024 (the date of agreement) to 31 December 2025. On 20 November 2025, the Company entered into a new elevator system maintenance services framework agreement with Fujian Yongfeng to govern transactions with Fujian Yongfeng for the period from 1 January 2026 to 31 December 2028. Please refer to the announcement of the Company dated 20 November 2025 and the circular of the Company dated 11 December 2025 for details.

The annual caps for the Fujian Yongfeng Master Maintenance Services Agreement for the years ended 31 December 2024 and 2025 amount to RMB8.0 million and RMB12.0 million, respectively. The aggregate transaction amount incurred in accordance with the Fujian Yongfeng Master Maintenance Services Agreement for the year ended 31 December 2025 was RMB2.5 million.

For further details in relation to the Fujian Yongfeng Master Maintenance Services Agreement, please refer to the announcement of the Company dated 12 July 2024.

Master Construction Maintenance Services Agreement with Dalian Shihang Construction Engineering Co., Ltd. (“Dalian Shihang”)

On 31 January 2024, the Company and Dalian Shihang entered into the master construction maintenance services agreement (the “**Master Construction Maintenance Services Agreement**”), pursuant to which members of the Group shall procure construction maintenance services from Dalian Shihang and its subsidiaries and 30%-controlled companies, which comprise of construction, repair and maintenance services for houses, roads, parks, construction projects and landscaping projects.

Mr. Bai Ding is a substantial shareholder of Dalian Yahang, a subsidiary of the Company, and is therefore a connected person at the subsidiary level of the Company within the meaning of Chapter 14A of the Listing Rules. Dalian Shihang is ultimately owned by Mr. Bai Ding as to 80% and his son, Mr. Bai Junhao, as to 20%, respectively. As Dalian Shihang is 30% controlled by Mr. Bai Ding, it is an associate of Mr. Bai Ding and a connected person at the subsidiary level of the Company. Hence, the transactions contemplated under the Master Construction Maintenance Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The term of the Master Construction Maintenance Services Agreement is for two years commencing on 31 January 2024 and has not been renewed upon expiration.

The annual caps for the Master Construction Maintenance Services Agreement for the 11 months ended 31 December 2024 and the year ended 31 December 2025 amounted to RMB45.0 million and RMB45.0 million, respectively. The aggregate transaction amount incurred in accordance with the Master Construction Maintenance Services Agreement for the year ended 31 December 2025 was RMB9.5 million.

DIRECTORS' REPORT

Agreements with First Living, First Assets, Modern Investment, Modern Land and Super Land (as defined below)

On 17 November 2022, our Group has entered into various non-exempt continuing connected transactions with the following parties. As at 17 November 2022, which is the transaction date of the aforementioned transactions, the connected relationship of the Company and the parties to the transaction are as follows:

- First Assets, is ultimately owned by Mr. Zhang Peng as to 99.9% and Mr. Long Han as to 0.1%. Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, First Assets is an associate of Mr. Zhang Peng and is a connected person of the Company.
- First Assets and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules) (collectively, the “**First Assets Group**”).
- First Living, is a non-wholly owned subsidiary of the Company. It is owned as to (i) 72.1% by our Company, (ii) 8.1% by New Momentum (Beijing) Construction Technology Co., Ltd. (“**New Momentum**”) and Zhihui Hongye Investment (Beijing) Co., Ltd. (“**Zhihui Hongye**”), and (iii) 3.8% by Mr. Zhang Lei, a substantial Shareholder. New Momentum and Zhihui Hongye are ultimately owned by Mr. Zhang Lei, a substantial Shareholder. As New Momentum and Zhihui Hongye are ultimately owned by Mr. Zhang Lei, First Living is therefore a connected subsidiary under to Rule 14A.16(1) of the Listing Rules.
- First Living Group, comprising First Living and its subsidiaries.
- Modern Investment Group Co., Ltd. (“**Modern Investment**”) which is indirectly owned by Mr. Zhang Peng as to 99.9% and Mr. Long Han as to 0.1%. Mr. Zhang Peng is the chairman of the Board and a non-executive Director. Mr. Long Han is a non-executive Director. Hence, Modern Investment is an associate of Mr. Zhang Peng and a connected person of the Company.
- Modern Investment and its subsidiaries and 30%-controlled companies (as defined under the Listing Rules) (collectively, the “**Modern Investment Group**”).
- Modern Land is ultimately owned as to 66.11% by Mr. Zhang Lei, a substantial Shareholder. Anhui Modern Land is a non-wholly owned subsidiary of Modern Land. Hence, Anhui Modern Land (a subsidiary of Modern Land) and Modern Land is an associate of Mr. Zhang Lei and a connected person of the Company.
- Modern Land Group, comprising Modern Land and its subsidiaries.
- Super Land Holdings Limited (“**Super Land**”), is ultimately and wholly-owned by a discretionary family trust, of which Mr. Zhang Lei, his family members and certain other individuals are beneficiaries. As Mr. Zhang Lei is a substantial Shareholder, Super Land is an associate of Mr. Zhang Lei and a connected person of the Company.
- Super Land and the joint ventures and associates (as defined under the IFRS) that Super Land had invested in through the Modern Land Group (collectively, the “**Super Land Group**”).

DIRECTORS' REPORT

Master Contracting Services Agreement with Modern Land

First Living entered into a master contracting services agreement on 17 November 2022 with Modern Land (the “**Modern Land Master Contracting Services Agreement**”), pursuant to which members of the First Living Group will provide systems installation services to members of the Modern Land Group.

The term of the Modern Land Master Contracting Services Agreement is for three years commencing on 1 January 2023 and has not been renewed upon expiration.

The annual caps for the Modern Land Master Contracting Services Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB8.0 million, RMB7.0 million and RMB7.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Land Master Contracting Services Agreement for the year ended 31 December 2025 was nil.

Master Contracting Services Agreement with Super Land

First Living entered into a master contracting services agreement on 17 November 2022 with Super Land (the “**Super Land Master Contracting Services Agreement**”), pursuant to which members of the First Living Group will provide systems installation services to members of the Super Land Group.

The term of the Super Land Master Contracting Services Agreement is for three years commencing on 1 January 2023 and has not been renewed upon expiration.

The annual caps for the Super Land Master Contracting Services Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB6.0 million, RMB6.0 million and RMB6.0 million, respectively. The aggregate transaction amount incurred in accordance with the Super Land Master Contracting Services Agreement for the year ended 31 December 2025 was nil.

Master Energy Operation Services Agreement with First Living

We entered into a master energy operation services agreement on 17 November 2022 with First Living (the “**First Living Master Energy Operation Services Agreement**”), pursuant to which members of the Group will procure energy operation services from members of the First Living Group, where it operates energy stations to provide central heating and central cooling.

The term of the First Living Master Energy Operation Services Agreement is for three years commencing on 1 January 2023. On 20 November 2025, the Company entered into a new energy operation services framework agreement with First Living to govern transactions with First Living for the period from 1 January 2026 to 31 December 2028. Please refer to the announcement of the Company dated 20 November 2025 and the circular of the Company dated 11 December 2025 for details.

The annual caps for the First Living Master Energy Operation Services Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB19.0 million, RMB19.0 million and RMB19.0 million, respectively. The aggregate transaction amount incurred in accordance with the First Living Master Energy Operation Services Agreement for the year ended 31 December 2025 was RMB14.3 million.

DIRECTORS' REPORT

Master Maintenance Services Agreement with First Assets

We entered into a master maintenance services agreement on 17 November 2022 with First Assets (the “**First Assets Master Maintenance Services Agreement**”), pursuant to which members of the Group will procure maintenance services from members of the First Assets Group, which comprise mainly of elevator system and other ad hoc maintenance services.

The term of the First Assets Master Maintenance Services Agreement is for three years commencing on 1 January 2023 and has not been renewed upon expiration.

The annual caps for the First Assets Master Maintenance Services Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB12.0 million, RMB15.0 million and RMB17.0 million, respectively. The aggregate transaction amount incurred in accordance with the First Assets Master Maintenance Services Agreement for the year ended 31 December 2025 was RMB0.2 million.

Master Property Management Agreement with First Assets

We entered into a master property management agreement on 17 November 2022 with First Assets (the “**First Assets Master Property Management Agreement**”), pursuant to which members of the Group agrees to provide property management services, energy operation services and value-added services, including communal area leasing services to members of the First Assets Group.

The term of the First Assets Master Property Management Agreement is for three years commencing on 1 January 2023. On 20 November 2025, the Company entered into a property management services framework agreement (the “**Zhonglv Qiyuan Property Management Services Framework Agreement**”) with Zhonglv Qiyuan (Beijing) Management Consulting Co., Ltd. (“**Zhonglv Qiyuan**”) to govern transactions with Zhonglv Qiyuan for the period from 1 January 2026 to 31 December 2028, as the First Assets Group has become a subsidiary of Zhonglv Qiyuan, its subsidiaries and 30%-controlled companies (collectively, the “**Zhonglv Qiyuan Group**”) since the reorganisation of Zhonglv Qiyuan on 25 October 2021. Please refer to the announcement of the Company dated 20 November 2025 and the circular of the Company dated 11 December 2025 for details.

The annual caps for the First Assets Master Property Management Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB4.0 million, RMB4.0 million and RMB4.0 million, respectively. The aggregate transaction amount incurred in accordance with the First Assets Master Property Management Agreement for the year ended 31 December 2025 was RMB2.3million.

Master Property Management Agreement with Modern Investment

We entered into a master property management agreement on 17 November 2022 with Modern Investment (the “**Modern Investment Master Property Management Agreement**”), pursuant to which members of the Group will provide property management services, energy operation services and value-added services, including communal area leasing services to the Modern Investment Group.

The term of the Modern Investment Master Property Management Agreement is for three years commencing on 1 January 2023. Transactions with Modern Investment for the period from 1 January 2026 to 31 December 2028 has been governed by the Zhonglv Qiyuan Property Management Services Framework Agreement as Modern Investment has become a subsidiary of Zhonglv Qiyuan Group since the reorganisation of Zhonglv Qiyuan on 25 October 2021.

DIRECTORS' REPORT

The annual caps for the Modern Investment Master Property Management Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB2.0 million, RMB2.0 million and RMB2.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Investment Master Property Management Agreement for the year ended 31 December 2025 was RMB1.4 million.

Master Property Management Agreement with Modern Land

We entered into a master property management agreement on 17 November 2022 with Modern Land (the “**Modern Land Master Property Management Agreement**”), pursuant to which members of the Group will provide property management services, energy operation services and value-added services, including parking space management services and sales assistance services to the Modern Land Group.

The term of the Modern Land Master Property Management Agreement is for three years commencing on 1 January 2023 and has not been renewed upon expiration.

The annual caps for the Modern Land Master Property Management Agreement for the years ended/ending 31 December 2023, 2024 and 2025 amount to RMB40.0 million, RMB41.0 million and RMB44.0 million, respectively. The aggregate transaction amount incurred in accordance with the Modern Land Master Property Management Agreement for the year ended 31 December 2025 was RMB1.7 million.

Master Property Management Agreement with Super Land

We entered into a master property management agreement on 17 November 2022 with Super Land (the “**Super Land Master Property Management Agreement**”), pursuant to which members of the Group will provide property management services and value-added services, including parking space management services and sales assistance services to the Super Land Group.

The term of the Super Land Master Property Management Agreement is for three years commencing on 1 January 2023. On 20 November 2025, the Company entered into a new property management services framework agreement with Super Land to govern transactions with Super Land for the period from 1 January 2026 to 31 December 2028. Please refer to the announcement of the Company dated 20 November 2025 and the circular of the Company dated 11 December 2025 for details.

The annual caps for the Super Land Master Property Management Agreement for the years ended 31 December 2023, 2024 and 2025 amount to RMB20.0 million, RMB23.0 million and RMB27.0 million, respectively. The aggregate transaction amount incurred in accordance with the Super Land Master Property Management Agreement for the year ended 31 December 2025 was RMB1.3 million.

Confirmation from the independent non-executive Directors

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into: (i) in the ordinary and usual course of the Group’s business; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing them and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DIRECTORS' REPORT

Confirmations from the Auditor

The Auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2025 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its letter to the Board containing its findings and conclusions in respect of the continuing connected transactions as set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditor's letter has been provided by the Company to the Stock Exchange which stated that:

- a) nothing has come to the attention of the Auditor that causes the Auditor to believe that the above continuing connected transactions have not been approved by the Board;
- b) for transactions involving the provision of goods or services by the Group, nothing has come to the attention of the Auditor that causes the Auditor to believe that the above continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c) nothing has come to the attention of the Auditor that causes the Auditor to believe that the above continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d) with respect to the aggregate amount of each of the above continuing connected transactions, nothing has come to the attention of the Auditor that causes the Auditor to believe that the continuing connected transactions disclosed above have exceeded the annual cap as set by the Company.

MATERIAL RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, save as disclosed above, no related party transactions disclosed in note 31 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

As at the date of this annual report, Zhonglv Qiyuan was indirectly held as to 60.3% by Ms. Zhang Yao (the sister of Mr. Zhang Peng), 17.51% by Mr. Long Han, and 6.89% by Mr. Liu Peiqing. In the opinion of the Directors, Zhonglv Qiyuan does not constitute a related party of the Group under IAS 24 Related Party Disclosures but remains as a connected person of the Company under Chapter 14A of the Listing Rules, and as a result, certain of the transactions between the Group and Zhonglv Qiyuan constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. For details, please refer to the section headed "Connected Transactions" in this Directors' Report.

The Board confirmed that the Company has complied with the applicable requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions and continuing connected transactions.

DIRECTORS' REPORT

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 23 June 2026. A notice convening the AGM will be published and sent to the Shareholders in the manner required by the Listing Rules in due course.

Closure of Register of Members

For determining the entitlement of the Shareholders to attend the AGM, the register of members of the Company will be closed from Wednesday, 17 June 2026 to Tuesday, 23 June 2026 (both days inclusive). The record date is Tuesday, 23 June 2026. To be eligible to attend the AGM, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Tuesday, 16 June 2026.

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report from pages 26 to 43 of this annual report.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and discussed the Group's risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025.

AUDITOR

The financial statements for the year ended 31 December 2025 have been audited by KPMG who shall retire at the AGM and, being eligible, will offer itself for re-appointment. A resolution will be proposed at the AGM to re-appoint KPMG as the Auditor. The Company has not changed the Auditor in the preceding three years.

Save as otherwise stated, all references above to other sections, reports or notes in this annual report form part of this Directors' Report.

On behalf of the Board

Zhang Peng
Chairman

27 March 2026

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of
First Service Holding Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of First Service Holding Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 70 to 158, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as 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**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER

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

Expected credit loss allowances for trade receivables from third parties

Refer to Notes 22 and 28(a) to the consolidated financial statements and the accounting policies in Note 2(l).

The Key Audit Matter

As at 31 December 2025, the Group's gross trade receivables from third parties was RMB647 million which accounted for 79.6% of the Group's total gross trade receivables, against which an allowance for expected credit losses ("ECLs") amounted to RMB275 million was provided as at 31 December 2025.

The Group's trade receivables arising from contracts with customers mainly derived from property owners and property developers.

Management measured the loss allowance at an amount equal to lifetime ECLs of the trade receivables based on the loss patterns for different group of customers, ageing of trade receivables and loss rates. The loss allowance also takes into account current market conditions and forward-looking information.

How the matter was addressed in our audit

Our audit procedures to assess ECL allowances for trade receivables from third parties included the following:

- obtaining an understanding of and evaluating the design, implementation and operating effectiveness of key internal controls;
- evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standards;
- obtaining an understanding of the key data and assumptions in the ECL model adopted by management, including the segmentation of trade receivables based on credit risk characteristics and estimated loss rates;
- assessing the appropriateness of estimate of loss allowance by examining the information used by management to derive such estimate, including testing the accuracy of the historical default data and evaluating whether historical loss rates were appropriately adjusted for current market conditions and forward-looking information;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTER *(Continued)*

Expected credit loss allowances for trade receivables from third parties *(Continued)*

Refer to Notes 22 and 28(a) to the consolidated financial statements and the accounting policies in Note 2(l).

The Key Audit Matter

We identified the ECL allowances for trade receivables from third parties as a key audit matter because the balances of trade receivables from third parties are material to the Group and determining the loss allowance is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

- assessing whether items in the trade receivables ageing report were categorised in the appropriate customer type as well as the appropriate ageing bracket by comparing a sample of individual items with the demand notes, sales invoices and other relevant underlying documentation;
- re-performing the calculation of the loss allowance as at 31 December 2025; and
- assessing the disclosures of credit loss in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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

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

INDEPENDENT AUDITOR'S REPORT

RESPONSIBILITIES OF THE DIRECTORS 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 as 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 HKSAAs 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 HKSAAs, 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.

INDEPENDENT AUDITOR'S REPORT

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

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

We communicate with the Audit Committee 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.

INDEPENDENT AUDITOR'S REPORT

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

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 Hui Sau Yee, Jenny (practising certificate number: P05552).

KPMG

Certified Public Accountants

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

27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025
(Expressed in Renminbi (“RMB”))

	Note	2025 RMB'000	2024 RMB'000
Revenue	4	1,341,167	1,326,976
Cost of sales		(1,051,922)	(1,017,297)
Gross profit		289,245	309,679
Other net income	5	20,082	6,296
Selling expenses		(16,714)	(20,320)
Administrative expenses		(160,106)	(173,188)
Impairment loss on trade receivables and contract assets	21(a), 22(b)	(64,429)	(148,189)
Impairment loss on goodwill	16	(88,233)	–
Impairment loss on right-of-use assets	14	(681)	–
Finance costs, net	6(a)	(7,366)	14,671
Share of losses of associates		(654)	(61)
Share of losses of joint ventures		(148)	–
Loss before taxation	6	(29,004)	(11,112)
Income tax	7	(10,858)	4,839
Loss for the year		(39,862)	(6,273)
Other comprehensive income for the year (after tax and reclassification adjustments)	10		
Item that will not be reclassified to profit or loss:			
Equity investment at fair value through other comprehensive income (“FVOCI”) — net movement in fair value reserves (non-recycling)		(2,458)	(2,513)
Item that are or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(2,473)	2,949
Other comprehensive income for the year		(4,931)	436
Total comprehensive income for the year		(44,793)	(5,837)

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025
(Expressed in Renminbi (“RMB”))

	Note	2025 RMB'000	2024 RMB'000
Loss for the year attributable to:			
Equity shareholders of the Company		(52,406)	(12,072)
Non-controlling interests		12,544	5,799
Loss for the year		(39,862)	(6,273)
Total comprehensive income attributable to:			
Equity shareholders of the Company		(57,337)	(11,636)
Non-controlling interests		12,544	5,799
Total comprehensive income for the year		(44,793)	(5,837)
Loss per share			
Basic (RMB)	11	(0.0467)	(0.0107)
Diluted (RMB)		(0.0467)	(0.0204)

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Investment properties	12	13,866	15,262
Property and equipment	13	30,762	27,409
Right-of-use assets	14	13,027	13,824
Intangible assets	15	30,542	33,441
Goodwill	16	91,603	179,836
Interest in joint ventures		25	25
Interest in associates		3,430	4,220
Other financial assets	18	2,090	5,102
Other non-current assets		3,000	5,500
Financial assets measured at fair value through profit or loss ("FVPL")	20(a)	17,327	16,500
Deferred tax assets	26(b)	81,615	73,791
		287,287	374,910
Current assets			
Inventories	19	1,216	1,647
Contract assets	21(a)	–	342
Trade and other receivables	22	564,743	554,273
Other current assets		226	226
Financial assets measured at fair value through profit or loss	20(a)	267,465	299,055
Restricted cash	23(a)	19,758	14,968
Cash and cash equivalents	23(a)	437,172	439,021
		1,290,580	1,309,532
Current liabilities			
Trade and other payables	24	431,084	458,334
Contract liabilities	21(b)	320,874	327,961
Bank loans	23(c)	480	–
Lease liabilities	25	372	308
Other financial liabilities	20(b)	212,060	204,844
Current taxation	26(a)	7,300	12,762
		972,170	1,004,209
Net current assets		318,410	305,323
Total assets less current liabilities		605,697	680,233

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAt 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	25	1,975	2,347
Deferred tax liabilities	26(b)	5,210	6,557
		7,185	8,904
NET ASSETS			
		598,512	671,329
CAPITAL AND RESERVES			
	27		
Share capital		2	2
Reserves		537,385	619,203
Total equity attributable to equity shareholders of the Company			
		537,387	619,205
Non-controlling interests			
		61,125	52,124
TOTAL EQUITY			
		598,512	671,329

Approved and authorised for issue by the board of directors on 27 March 2026.

Liu Peiqing
Director**Zhu Li**
Director

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025
(Expressed in RMB)

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Note	Share capital	Share premium	Employee share trusts	Capital reserve	Statutory surplus reserves	Exchange reserve	Fair value reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	1	471,487	(20,405)	(66,442)	37,709	8,553	(961)	227,548	657,490	56,380	713,870	
Changes in equity for 2024:												
(Loss)/profit for the year		-	-	-	-	-	-	(12,072)	(12,072)	5,799	(6,273)	
Other comprehensive income		-	-	-	-	2,949	(2,513)	-	436	-	436	
Total comprehensive income		-	-	-	-	2,949	(2,513)	(12,072)	(11,636)	5,799	(5,837)	
Dividends approved in respect of the previous year	27(c)	-	(37,835)	1,201	-	-	-	-	(36,634)	(11,350)	(47,984)	
Consideration shares issued	27(b)	*	219,663	-	-	-	-	-	219,664	-	219,664	
Grant of put option of consideration shares issued	20(b)(ii)	-	(219,664)	-	-	-	-	-	(219,664)	-	(219,664)	
Acquisition of subsidiaries from third parties		-	-	-	-	-	-	-	-	282	282	
Capital contribution from Mr. Zhang Lei	27(c)	-	9,985	-	-	-	-	-	9,985	-	9,985	
Capital contribution from non-controlling shareholders		-	-	-	-	-	-	-	-	980	980	
Disposal of subsidiaries		-	-	-	-	(3)	-	3	-	33	33	
Appropriation to statutory reserves		-	-	-	6,573	-	-	(6,573)	-	-	-	
Balance at 31 December 2024	2	443,636	(19,204)	(66,442)	44,279	11,502	(3,474)	208,906	619,205	52,124	671,329	

* Amounts less than RMB1,000.

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025
(Expressed in RMB)

Note	Attributable to equity shareholders of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	Share capital	Share premium	Employee share trusts	Capital reserve	Statutory surplus reserves	Exchange reserve	Fair value reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2025	2	443,636	(19,204)	(66,442)	44,279	11,502	(3,474)	208,906	619,205	52,124	671,329	
Changes in equity for 2025:												
(Loss)/profit for the year	-	-	-	-	-	-	-	(52,406)	(52,406)	12,544	(39,862)	
Other comprehensive income	-	-	-	-	-	(2,473)	(2,458)	-	(4,931)	-	(4,931)	
Total comprehensive income	-	-	-	-	-	(2,473)	(2,458)	(52,406)	(57,337)	12,544	(44,793)	
Dividends approved in respect of the previous year	27(c)	(39,797)	1,366	-	-	-	-	-	(38,431)	(3,408)	(41,839)	
Acquisition of shares for a share award scheme	27(d)	-	(2,264)	-	-	-	-	-	(2,264)	-	(2,264)	
Acquisition of subsidiaries from third parties		-	-	-	-	-	-	-	-	302	302	
Capital contribution from non-controlling shareholders	27(c)	-	16,214	-	-	-	-	-	16,214	593	16,807	
Disposal of subsidiaries		-	-	-	(453)	-	-	453	-	(1,030)	(1,030)	
Appropriation to statutory reserves		-	-	-	4,385	-	-	(4,385)	-	-	-	
Balance at 31 December 2025	2	420,053	(20,102)	(66,442)	48,211	9,029	(5,932)	152,568	537,387	61,125	598,512	

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	23(b)	30,004	50,325
Income tax paid	26(a)	(24,999)	(24,823)
Net cash generated from operating activities		5,005	25,502
Investing activities			
Proceeds from disposal of financial assets measured at FVPL		36,862	298,274
Interest received		4,107	6,198
Proceeds from disposal of property and equipment		504	515
Proceeds from disposal of right-of-use assets		594	–
Net cash inflow from disposals of an associate		90	–
Net cash (outflow)/inflow from disposals of subsidiaries		(5,218)	861
Purchase of right-of-use assets		(414)	–
Acquisition of subsidiaries, net of cash acquired		(495)	2,718
Payment for contingent consideration		–	(17,600)
Purchase of financial assets measured at FVPL		–	(350,338)
Loan to non-controlling interests		–	(3,000)
Purchases of property and equipment		(4,887)	(11,869)
Purchases of intangible assets and other non-current assets		–	(3,351)
Capital injection into an associate		(66)	(60)
Net cash generated from/(used in) from investing activities		31,077	(77,652)

The notes on pages 78 to 158 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025
(Expressed in RMB)

	Note	2025 RMB'000	2024 RMB'000
Financing activities			
Capital injection from Mr. Zhang Lei	27(c)	–	9,985
Proceeds from bank loans	23(c)	480	–
Capital injection from non-controlling interests		593	980
Dividend paid to shareholders	23(c)	(30,285)	(28,566)
Profit distribution paid to non-controlling shareholders of subsidiaries	23(c)	(3,576)	(3,778)
Acquisition of the Company's shares	27(d)	(2,264)	–
Capital element of lease rentals paid	23(c)	(308)	(153)
Interest element of lease rentals paid	23(c)	(96)	(75)
Interest paid	23(c)	(2)	–
Net cash used in financing activities		(35,458)	(21,607)
Net increase/(decrease) in cash and cash equivalent		624	(73,757)
Cash and cash equivalents at 1 January	23(a)	439,021	509,829
Effects of foreign exchange rate changes		(2,473)	2,949
Cash and cash equivalents at 31 December	23(a)	437,172	439,021

The notes on pages 78 to 158 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 GENERAL

The Company was incorporated in the Cayman Islands on 20 January 2020 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 October 2020. The Group are principally engaged in the provision of property management services, services in the area of green living solutions and value-added services in the People's Republic of China (the "**PRC**").

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements of First Service Holding Limited (the "**Company**") and its subsidiaries (together referred to as the "**Group**") have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). IFRS Accounting Standards include all applicable individual International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards ("**IASs**") and related interpretations. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**the Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new or amended 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 the consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investment property (see Note 2(h))
- financial instruments classified as financial assets measured at FVPL or FVOCI (see Note 2(g))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

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.

The functional currency of the Company and the Company's subsidiaries outside the Chinese Mainland is Hong Kong dollars ("HK\$"). The consolidated financial statements are presented in RMB as all of the Group's operations are conducted by the Company's subsidiaries established in Chinese Mainland and the functional currency of which is RMB.

(c) Changes in accounting policies

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Subsidiaries and non-controlling interests *(continued)*

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. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(q) or (r) depending on the nature of the liability.

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(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income (“**OCI**”) of those investees, until the date on which significant influence or joint control ceases.

When the Group’s share of losses exceeds its interest in the associate or the joint venture, the Group’s interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group’s interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group’s net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 2(l)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Associates and joint ventures *(continued)*

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 2(l)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

(f) Business combinations and goodwill

Business combinations under common control

The Group uses merger accounting to account for the business combination of entities and businesses under common control, as if the acquisition is completed and the combining entities or businesses have been combined from the date when the combining entities or businesses first come under the control of the controlling party.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill to the extent of the continuation of the controlling party's interest.

The statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first come under the common control, where there is a shorter period, regardless of the date of the common control combination. Transaction costs incurred in relation to the common control combination is recognised as an expense in the period in which they were incurred.

Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Business combinations and goodwill *(continued)*

Contingent consideration arising from business combinations

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration that qualifies as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(l)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(g) Other investments in securities *(continued)*

(i) *Non-equity investments*

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(v)(vi)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) *Equity investments*

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition, the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(v)(v)).

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 2(k)) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Investment property *(continued)*

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 2(v)(iv).

(i) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 2(l)).

The cost of self-constructed items of property and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(x)).

Items may be produced while bringing an item of property and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of property and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings	40 years
— Machinery and equipment	3 to 5 years
— Vehicles	3 to 10 years
— Office and other equipment	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided in respect of construction in progress until it is completed and ready for intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) 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, including patents and trademarks, 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(l)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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 to 10 years
— Customer relationship	10 years
— Operating rights	10 years

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

(k) 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. 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. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Leased assets *(continued)*

(i) *As a lessee (continued)*

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, plus any initial direct costs incurred and 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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i) and Note 2(l)), except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with Note 2(h).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 2(g) (i), 2(v)(vi) and 1(l)(i)). 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, or 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 Group presents right-of-use assets that do not meet the definition of investment property in "property and equipment" and presents lease liabilities separately in the statement of financial position.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Leased assets *(continued)*

(ii) *As a lessor (continued)*

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(v)(iv).

(l) Credit losses and impairment of assets

(i) *Credit losses from financial instruments and contract assets*

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

- financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables); and
- contract assets (see Note 2(n)).

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.

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)*

(I) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets *(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 and contract assets 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, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial asset in the statement of financial position.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(I) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments and contract assets *(continued)*

Credit-impaired financial assets (continued)

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 being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written-off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written-off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories, contract assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Credit losses and impairment of assets *(continued)*

(ii) Impairment of other non-current assets *(continued)*

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 Listing Rules, 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(l)).

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.

(m) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

- Cost is calculated using the weighted average cost formula 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(v)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(l) and are reclassified to receivables when the right to the consideration has become unconditional (see Note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(v)). 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 cases, a corresponding receivable is also recognised (see Note 2(o)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(v)).

(o) 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(l)).

(p) 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 ECLs in accordance with Note 2(l).

(q) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(r) 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(x).

(s) 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) *Share-based payments*

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) *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.

(t) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Income tax *(continued)*

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 ventures 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) **Income tax** *(continued)*

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.

(u) **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(l)(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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) **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.

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. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Revenue and other income *(continued)*

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) **Property management services, energy operation services, green technology consulting services and value-added services**

For property management services, the Group recognises revenue in the amount to which the Group has the right to invoice based on the value of performance completed on a monthly basis.

For property management services income arising from properties managed under lump sum basis, where the Group acts as principal, the Group entitles to revenue at the value of property management services fee received or receivable. For property management services income arising from properties managed under commission basis, where the Group acts as an agent of the property owners, the Group entitles to revenue at a pre-determined percentage or fixed amount of the property management services fees the property owners are obligated to pay.

Energy operation services mainly include services provided through energy stations for coordinating delivery of central heating, central cooling, fresh air ventilation and hot water supply, and energy operation services to property developers and property owners. For these services, the Group acts as a principal and entitles to revenue at the value of related service fee received or receivable, and revenue is recognised when the related services are rendered. Green technology consulting services are primarily provided to property developers. Payment of the transaction is due immediately when the services are rendered or in instalments at certain milestones.

Value-added services mainly include parking space management services to property developers and property owners, preliminary planning and design consultancy services to property developers, sales assistance services to property developers and property utilisation services to property developers and property owners. For parking space management services to property developers and property owners, the Group recognises revenue at the value of related service fee received or receivable on a monthly basis. For other value-added services, the Group recognises revenue when the respective services are rendered. Other value-added services are normally billable immediately upon the services are rendered or in instalments at certain milestones.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Revenue and other income *(continued)*

(i) **Property management services, energy operation services, green technology consulting services and value-added services** *(continued)*

If contracts involve the provision of multiple services, the transaction prices are allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(ii) **System installation services under the service line of green living solutions**

When the outcome of a system installation service contract can be reasonably measured, revenue from the contract is recognised progressively over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with the policy set out in Note 2(l).

(iii) **Sales of goods under the service line of green living solutions**

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(iv) **Rental income from operating leases**

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised in profit or loss as an integral part of the total rental income, over the term of the lease. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Revenue and other income *(continued)*

(v) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(vi) 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.

(vii) 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 deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the assets by way of reduced depreciation expense.

(w) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Translation of foreign currencies *(continued)*

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(x) 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.

(y) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

2 MATERIAL ACCOUNTING POLICIES *(continued)*

(y) Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(continued)*

(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 entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, 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.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes 16 and 28(e) contains information about the assumptions and their risk factors relating to goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty in the preparation of the consolidated financial statements are as follows:

(i) Expected credit losses for receivables

The credit losses for trade and other receivables are based on assumptions about risk of expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past 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 28(a). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

3 ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

(ii) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determine the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement exercised by the directors. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

4 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property management services, services in the area of green living solutions and value-added services. Further details regarding the Group's principal activities are disclosed in Note 4(b).

For the year ended 31 December 2025 and 2024, the Group's customer base is diversified and none of them contributed 10% or more of the Group's revenue during the reporting period.

(a) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

For property management services and energy operation services under the service line of green living solutions, the Group recognises revenue on a monthly basis in the amount 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 and energy operation services under the service line of green living solutions do not have a fixed term.

For sale of goods under the service line of green living solutions, there is no significant unsatisfied performance obligation at the end of the reporting period.

For other services, they are rendered in short period of time and there is no significant unsatisfied performance obligation at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- First Property Management: this segment provides property management services, energy operation services under the service line of green living solutions and value-added services.
- First Living: this segment provides green technology consulting service, system installation services, sale of goods, and energy operation services under the service line of green living solutions.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets, current assets, interests in associates and joint ventures, investments in financial assets and deferred tax assets. Segment liabilities include trade creditors and accruals and contract liabilities attributable to the revenue generating activities of the individual segment and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Assistance provided by one segment to the other, including sharing of assets and technical know-how, is not measure.

The measure used for reporting segment profit is profit/(loss) before tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, disaggregation of revenue from contracts with customers by major products and service lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	First Property Management		First Living		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Disaggregated by timing of revenue recognition						
Revenue recognised over time	1,310,554	1,284,290	34,990	35,780	1,345,544	1,320,070
Revenue recognised at point in time	9,133	11,857	1,520	9,853	10,653	21,710
Reportable segment revenue	1,319,687	1,296,147	36,510	45,633	1,356,197	1,341,780
Disaggregated by major products or service lines						
— Property management services	1,006,218	956,789	—	—	1,006,218	956,789
— Green living solutions	103,535	103,607	36,510	45,633	140,045	149,240
— Value-added services	209,934	235,751	—	—	209,934	235,751
Reportable segment revenue	1,319,687	1,296,147	36,510	45,633	1,356,197	1,341,780
Reportable segment (loss)/profit	(30,801)	29,646	219	(44,650)	(30,582)	(15,004)
Interest income	718	997	5	10	723	1,007
Interest expense	96	75	54	74	150	149
Depreciation and amortisation for the year	11,934	10,983	444	453	12,378	11,436
Impairment losses on trade receivables and contract assets	64,661	105,094	(232)	43,095	64,429	148,189
Impairment loss on goodwill	88,233	—	—	—	88,233	—
Impairment loss on right-of-use assets	681	—	—	—	681	—
Reportable segment assets	1,263,375	1,337,032	68,637	71,451	1,332,012	1,408,483
Reportable segment liabilities	747,684	774,408	80,202	82,507	827,886	856,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
Reportable segment revenue	1,356,197	1,341,780
Elimination of intersegment revenue	(15,030)	(14,804)
Consolidated revenue	1,341,167	1,326,976
Reportable segment loss		
Reportable segment loss	(30,582)	(15,004)
Unallocated head office and corporate net income before taxation	1,578	3,646
Elimination of intersegment profit	–	246
Consolidated loss before taxation	(29,004)	(11,112)
Assets		
Reportable segment assets	1,332,012	1,408,483
Unallocated head office and corporate assets	634,399	668,381
Elimination of intersegment balances	(388,544)	(392,422)
Consolidated total assets	1,577,867	1,684,442

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities *(continued)*

	2025 RMB'000	2024 RMB'000
Liabilities		
Reportable segment liabilities	827,886	856,915
Unallocated head office and corporate liabilities	211,909	212,861
Elimination of intersegment balances	(60,440)	(56,663)
Consolidated total liabilities	979,355	1,013,113

5 OTHER NET INCOME

	Notes	2025 RMB'000	2024 RMB'000
Interest income	(i)	3,639	6,198
Government grants	(ii)	10,578	13,089
Net realised gains on financial assets measured at FVPL		570	1,021
Fair value loss of investment properties		(1,396)	(88)
Net valuation profit/(losses) on financial assets measured at FVPL		8,330	(13,261)
Net losses on disposal of property and equipment		(652)	(105)
Net losses on disposal of intangible assets		–	(555)
Net losses on disposal of right-of-use assets		(711)	–
Net loss on disposal of an associate		(22)	–
Net loss on disposal of a project		–	(2,730)
Gains on disposal of subsidiaries		3,204	159
Rental income		439	1,979
Fair value gain of contingent consideration		–	2,505
Claims and fines		(3,013)	(799)
Others		(884)	(1,117)
		20,082	6,296

Notes:

- (i) The interest income primarily represents the interest from cash at bank.
- (ii) The government grants represent subsidies from various PRC authorities. There are no unfulfilled conditions or future obligations attached to these subsidies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 LOSS BEFORE TAXATION

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

(a) Finance costs, net

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities (Note 23(c))	96	75
Interest on other payables (Note 23(c))	52	74
Interest on bank loans (Note 23(c))	2	–
Changes in value of financial liabilities	7,216	(14,820)
	7,366	(14,671)

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	366,635	384,931
Contributions to defined contribution retirement plan	62,221	61,416
Termination benefits	2,941	6,604
	431,797	452,951

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.

Contributions to the retirement scheme vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contributions. The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

6 LOSS BEFORE TAXATION *(continued)*

(c) Other items

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Amortisation cost of intangible assets <i>(Note 15)</i>	5,399	5,578
Depreciation charge		
— owned property and equipment <i>(Note 13)</i>	6,395	5,493
— right-of-use assets <i>(Note 14)</i>	584	365
	12,378	11,436
Operating lease expenses relating to short-term leases <i>(Note 23(d))</i>	1,421	1,589
Auditors' remuneration		
— audit services	1,760	1,760
Cost of inventories <i>(Note 19)</i>	4,455	12,818

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current tax — PRC Corporate Income Tax		
Provision for the year	19,537	26,480
Deferred tax		
Origination and reversal of temporary differences	(8,679)	(31,319)
	10,858	(4,839)

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 *(continued)*

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

	2025 RMB'000	2024 RMB'000
Loss before taxation	(29,004)	(11,112)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	(7,251)	(2,778)
Tax effect of PRC preferential tax <i>(note (i))</i>	(5,417)	(1,301)
Tax effect of overseas preferential tax rate <i>(note (ii))</i>	(394)	(911)
Tax effect of non-deductible expenses	23,361	787
Tax effect of tax losses not recognised	945	1,638
Tax effect on deferred tax balances at 1 January resulting from a change in tax rate	–	516
Tax effect of utilisation of tax losses not recognised in previous years	(386)	(203)
Others	–	(2,587)
	10,858	(4,839)

Notes:

- (i) Certain subsidiaries have been approved as High and New Technology Enterprise (“HNTTE”) and entitled to a preferential income tax rate of 15% during the reporting period. The HNTTE certificate needs to be renewed every three years.

Certain subsidiaries have been approved as Small Low-profit Enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 5% during the reporting period.

- (ii) Pursuant to the tax rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax rate applicable to the Group’s subsidiary incorporated in Hong Kong for the income subject to Hong Kong Profits Tax during the reporting period is 16.5%. No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax during the reporting period (2024: Nil).

The Group’s PRC subsidiaries are subject to PRC Corporate Income Tax at 25%.

(c) Pillar Two income taxes

The Group operates in Chinese Mainland and has an investment holding company in Hong Kong, which has enacted new tax laws to implement the Global Anti-Base Erosion Model Rules (“Pillar Two model rules”) published by the Organisation for Economic Co-operation and Development. The directors of the Company concluded Pillar Two income taxes do not have a significant impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fee <i>RMB'000</i>	Basic salaries and allowance <i>RMB'000</i>	Discretionary bonus <i>RMB'000</i>	Retirement benefit contribution <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2025					
Name of director					
Executive Directors					
Liu Peiqing	–	501	814	53	1,368
Zhu Li	–	325	440	53	818
Jin Chungang	–	359	626	33	1,018
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
Wang Ziming	–	–	–	–	–
Independent non-executive Directors					
Cheng Peng	100	–	–	–	100
Sun Jing	100	–	–	–	100
Yang Xi	100	–	–	–	100
	300	1,185	1,880	139	3,504

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

8 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fee <i>RMB'000</i>	Basic salaries and allowance <i>RMB'000</i>	Discretionary bonus <i>RMB'000</i>	Retirement benefit contribution <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024					
Name of director					
Executive Directors					
Liu Peiqing	–	497	826	53	1,376
Zhu Li	–	332	448	53	833
Jin Chungang	–	367	654	33	1,054
Non-executive Directors					
Zhang Peng	–	–	–	–	–
Long Han	–	–	–	–	–
Wang Ziming (appointed on 13 May 2024)	–	–	–	–	–
Independent non-executive Directors					
Cheng Peng	100	–	–	–	100
Sun Jing	100	–	–	–	100
Chen Sheng (resigned on 5 September 2024)	67	–	–	–	67
Yang Xi (appointed on 5 September 2024)	33	–	–	–	33
	300	1,196	1,928	139	3,563

The emoluments shown above of Executive Directors represents remuneration received from the Group by them in their capacity as employees of the Group during the reporting period.

During the reporting period, Mr. Zhang Peng and Mr. Long Han are not paid directly by the Group but receive remuneration from other entity controlled by Mr. Zhang Lei, 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 reporting period, no emoluments were paid by the Group to directors or any of the highest paid individual as disclosed in note 9 as an inducement to join or upon joining the Group or as compensation for loss of office, no director of the Group waived or agreed to waive any emoluments.

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, three are directors whose emoluments are disclosed in Note 8 above for the year ended 31 December 2025 (2024: three). The aggregate of the emoluments in respect of the remaining individuals for the year ended 31 December 2025 are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries and other emoluments	853	544
Discretionary bonuses	364	672
Retirement scheme contributions	38	80
	1,255	1,296

The emoluments of the above individuals with the highest emoluments are within the following band:

	2025	2024
Nil to HK\$1,000,000	2	2

10 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2025			2024		
	Before-tax amount <i>RMB'000</i>	Tax expense <i>RMB'000</i>	Net-of-tax amount <i>RMB'000</i>	Before-tax amount <i>RMB'000</i>	Tax expense <i>RMB'000</i>	Net-of-tax amount <i>RMB'000</i>
Exchange differences on translation of financial statements of foreign operations	(2,473)	–	(2,473)	2,949	–	2,949
Equity investments at FVOCI: net movement in fair value reserve (non-recycling)	(3,012)	554	(2,458)	(2,616)	103	(2,513)
Other comprehensive income	(5,485)	554	(4,931)	333	103	436

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the 2025 is based on the loss attributable to equity shareholders of the Company of RMB44,704,000 (2024: RMB10,265,000) after adjusting for the effect of consideration shares issued and the weighted average number of 956,568,000 ordinary shares (2024: 959,877,000 ordinary shares) in issue during the year, calculated as follows:

(i) Loss attributable to ordinary equity shareholders of the Company

	2025 RMB'000	2024 RMB'000
Loss attributable to ordinary equity shareholders	(52,406)	(12,072)
Effect of consideration shares issued (Note 27(b))	7,702	1,807
	<hr/>	<hr/>
Loss attributable to ordinary equity shareholders (basic)	(44,704)	(10,265)

(ii) Weighted average number of ordinary shares

	2025 No. of '000 shares	2024 No. of '000 shares
Issued ordinary shares at 1 January	1,264,000	1,000,000
Effect of shares held by the employee share trusts	(43,432)	(40,123)
Effect of consideration shares issued (Note 27(b))	–	168,989
Effect of written put option of consideration shares issued (Note 20(b)(ii))	(264,000)	(168,989)
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	956,568	959,877

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

11 LOSS PER SHARE *(continued)*

(b) Diluted loss per share

Diluted loss per share were the same as the basic loss per share as the Group had no dilutive potential shares for the year ended 31 December 2025. Bonus element were not included in the calculation of diluted loss per share for the year ended 31 December 2025 as their inclusion would have been anti-dilutive. The calculation of diluted loss per share for the year ended 31 December 2024 is based on the adjusted loss attributable to ordinary equity shareholders of the Company of RMB25,085,000 and the weighted average number of ordinary shares of 1,227,581,000 shares, calculated as follows:

(i) Loss attributable to ordinary equity shareholders of the Company (diluted)

	2024 RMB'000
Loss attributable to ordinary equity shareholders (basic)	(10,265)
After tax effect of changes in value of financial liabilities issued <i>(Note 6(a))</i>	(14,820)
	<hr/>
Loss attributable to ordinary equity shareholders (diluted)	(25,085)
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(ii) Weighted average number of ordinary shares (diluted)

	2024 No. of '000 shares
Weighted average number of ordinary shares at 31 December (basic)	959,877
Bonus element in written put option of consideration shares issued	267,704
	<hr/>
Weighted average number of ordinary shares at 31 December (diluted)	1,227,581
	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
Fair value		
At 1 January	15,262	15,350
Change in fair value	(1,396)	(88)
At 31 December	13,866	15,262

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value 2025 RMB'000	2024 RMB'000
Investment properties located in the PRC — Level 3	13,866	15,262

During the years ended 31 December 2025 and 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2025 and 2024. The valuations were carried out by an independent firm, Beijing Tiantong Assets Valuation Limited, with recent experience in the location and category of property being valued. The Group's management have had discussion with the surveyors on the valuation assumptions and valuation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

12 INVESTMENT PROPERTIES *(continued)*

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties held by the Group in the consolidated statement of financial position	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties located in Jiujiang PRC (retails)	Income approach and market approach	Capitalisation rate, 3.5% (2024: 3.5%)	The higher the capitalisation rate, the lower the fair value.
	The key inputs are: 1. Capitalisation rate; 2. Unit rent of individual unit; 3. Market transaction price	Daily rent per sqm, RMB2.0 (2024: RMB2.1) Market price per sqm, RMB6,566 – RMB21,780 (2024: RMB6,681 – RMB22,174)	The higher the market transaction price, the higher the fair value.

The fair value of investment properties is determined in combination of income approach and market approach. Under the income approach, the fair value of investment properties is estimated based on capitalisation rate and unit rent. The unit rent mainly made reference to the rents in existing lease. Under the market approach, the fair value is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors.

The Group leases out investment properties under operating leases. The lease typically run for an initial period of 10 years, with an option to renew the lease after that date at which time all terms are renegotiated. The lease terms were revised in 2025 and the lease will terminate in 2026.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	42	412
After 1 year but within 2 years	–	423
After 2 years but within 3 years	–	438
After 3 years but within 4 years	–	452
After 4 years but within 5 years	–	175
	42	1,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

13 PROPERTY AND EQUIPMENT

	Machinery and equipment <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Office and other equipment <i>RMB'000</i>	Buildings <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:						
At 1 January 2024	4,910	3,776	20,913	2,485	3,953	36,037
Additions	4,590	681	5,494	1,020	–	11,785
Acquisition of subsidiaries	3,084	–	755	–	–	3,839
Transfer to machinery and equipment	1,104	–	–	–	(1,104)	–
Disposals	(300)	(1,801)	(750)	–	–	(2,851)
Disposal of subsidiaries	–	–	(15)	–	–	(15)
At 31 December 2024 and 1 January 2025	13,388	2,656	26,397	3,505	2,849	48,795
Additions	2,141	279	2,449	1,938	17	6,824
Acquisition of subsidiaries	–	–	22	–	–	22
Disposals	(628)	(160)	(730)	(895)	–	(2,413)
Disposal of subsidiaries	4,087	(10)	(67)	–	–	4,010
At 31 December 2025	18,988	2,765	28,071	4,548	2,866	57,238
Accumulated depreciation:						
At 1 January 2024	(3,644)	(2,499)	(11,103)	(7)	–	(17,253)
Charge for the year	(1,699)	(461)	(3,243)	(90)	–	(5,493)
Acquisition of subsidiaries	(363)	–	(510)	–	–	(873)
Written back on disposals	204	1,617	410	–	–	2,231
Written back on disposal of subsidiaries	–	–	2	–	–	2
At 31 December 2024 and 1 January 2025	(5,502)	(1,343)	(14,444)	(97)	–	(21,386)
Charge for the year	(2,009)	(369)	(3,897)	(120)	–	(6,395)
Acquisition of subsidiaries	–	–	(8)	–	–	(8)
Written back on disposals	514	100	595	48	–	1,257
Written back on disposal of subsidiaries	21	6	29	–	–	56
At 31 December 2025	(6,976)	(1,606)	(17,725)	(169)	–	(26,476)
Carrying amount:						
At 31 December 2025	12,012	1,159	10,346	4,379	2,866	30,762
At 31 December 2024	7,886	1,313	11,953	3,408	2,849	27,409

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

14 RIGHT-OF-USE ASSETS

	Operation rights of carparks <i>RMB'000</i> <i>Note (i)</i>	Buildings and premises <i>RMB'000</i> <i>Note (ii)</i>	Total <i>RMB'000</i>
Cost:			
At 1 January 2024	–	–	–
Additions	11,381	2,808	14,189
At 31 December 2024 and 1 January 2025	11,381	2,808	14,189
Additions	1,773	–	1,773
Disposals	(1,322)	–	(1,322)
At 31 December 2025	11,832	2,808	14,640
Accumulated depreciation:			
At 1 January 2024	–	–	–
Charge for the year	(59)	(306)	(365)
At 31 December 2024 and 1 January 2025	(59)	(306)	(365)
Charge for the year	(190)	(394)	(584)
Impairment loss (<i>Note (iii)</i>)	(681)	–	(681)
Disposals	17	–	17
At 31 December 2025	(913)	(700)	(1,613)
Net book value:			
At 31 December 2025	10,919	2,108	13,027
At 31 December 2024	11,322	2,502	13,824

Notes:

(i) For the year ended 31 December 2025, the Group entered into set-off agreements, pursuant to which the Group offset its trade receivables amounted to RMB1,359,000 upon receiving operation rights of carparks from certain property developers, which were non-cash transactions.

For the year ended 31 December 2024, the Group has entered into a series of set-off agreements, pursuant to which the Group has offset its trade receivables amounted to RMB10,321,000 and recognised contract liabilities amounted to RMB1,060,000 upon receipt of operation rights of carparks from certain property developers, which were non-cash transactions.

(ii) Buildings and premises represented leases entered into by the Group for operating, where the lease terms are ranged from five to nine years.

Further details on lease liabilities are set out in Note 25 and expenses items related to leases are set out in Notes 6(a) and 6(c).

(iii) For the year ended 31 December 2025, the impairment loss of RMB681,000 recognised in “impairment loss on right-of-use assets” during the year solely relates to operation rights of carparks due to the carrying value is larger than the recoverable amount, the estimates of recoverable amount were based on the operation rights of carparks’ fair values determined using income approach less costs of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

15 INTANGIBLE ASSETS

	Software <i>RMB'000</i>	Customer relationship <i>RMB'000</i>	Operating rights <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:				
At 1 January 2024	12,475	40,766	2,000	55,241
Purchased intangible assets	3,351	–	–	3,351
Disposals	–	–	(2,000)	(2,000)
At 31 December 2024 and 1 January 2025	15,826	40,766	–	56,592
Transfer from other non-current assets	2,500	–	–	2,500
At 31 December 2025	18,326	40,766	–	59,092
Accumulated amortisation:				
At 1 January 2024	(4,504)	(13,458)	(1,056)	(19,018)
Charge for the year	(1,112)	(4,077)	(389)	(5,578)
Written back on disposals	–	–	1,445	1,445
At 31 December 2024 and 1 January 2025	(5,616)	(17,535)	–	(23,151)
Charge for the year	(1,322)	(4,077)	–	(5,399)
At 31 December 2025	(6,938)	(21,612)	–	(28,550)
Net book value:				
At 31 December 2025	11,388	19,154	–	30,542
At 31 December 2024	10,210	23,231	–	33,441

The amortisation charge for the year is included in “administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 GOODWILL

RMB'000

Cost:

At 1 January 2024, 31 December 2024 and 31 December 2025 181,696

Accumulated impairment losses:

At 1 January 2024, 31 December 2024 and 1 January 2025 (1,860)
Impairment loss (88,233)

At 31 December 2025 (90,093)

Carrying amount:

At 31 December 2025 **91,603**

At 31 December 2024 179,836

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to business operations as follows:

	2025 RMB'000	2024 RMB'000
Dalian Yahang Property Management Co., Ltd. (大連亞航物業管理有限公司) ("Dalian Yahang")	81,458	81,458
Qingdao Luohang Enterprises Management Co., Ltd (青島洛航企業管理有限公司) ("Qingdao Luohang") and its subsidiaries	10,145	98,378
	91,603	179,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

16 GOODWILL (continued)

Impairment tests for cash-generating units containing goodwill (continued)

(a) Dalian Yahang CGU

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amounts are as follows:

	2025 RMB'000	2024 RMB'000
Annual revenue growth rates during the five-year period	5.3%–15.0%	6.0%–10.0%
Gross profit margin	12.5%–18.6%	15.0%–20.0%
Growth rate beyond the five-year period	2.0%	2.0%
Pre-tax discount rate	20.3%	20.8%

No impairment loss on goodwill is recognised for the year ended 31 December 2025 and 2024 as the recoverable amount to the CGU is larger than the carrying value.

(b) Qingdao Luohang CGU

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The key assumptions used in estimating the recoverable amounts are as follows:

	2025 RMB'000	2024 RMB'000
Annual revenue growth rates during the five-year period	5.0%–8.0%	9.1%–17.5%
Gross profit margin	16.1%–20.9%	19.6%–20.9%
Growth rate beyond the five-year period	2.0%	2.0%
Pre-tax discount rate	21.3%	20.8%

The impairment loss of RMB88,233,000 recognised in “impairment loss on goodwill” during the year solely relates to Qingdao Luohang and its subsidiaries due to the unfavourable outcome of the subsidiary in 2025 as well as the forecast in the coming years. As the CGU has been reduced to its recoverable amount of RMB80,150,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 INVESTMENT IN SUBSIDIARIES

The following list contains 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.

Company name	Place of incorporation/ establishment and operation	Registered capital/particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
First Green Service Limited 第一綠色服務有限公司	The BVI	50,000 shares	100%	–	Investment holding
First Service Holding (Hong Kong) Limited 第一服務控股(香港)有限公司	Hong Kong	10,000 shares	–	100%	Investment holding
First Property Management (Beijing) Co., Ltd 第一物業服務(北京)有限公司 (Notes (ii) and (iii))	The PRC	RMB100,000,000/ RMB100,000,000	–	100%	Property management
First MOMA Human Environment Technology (Beijing) Co., Ltd. 第一摩碼人居環境科技(北京)有限公司 (Notes (i) and (iii))	The PRC	RMB35,000,000/ RMB27,470,300	–	72.1%	Energy saving related services
Shanxi First Property Services Co., Ltd. 山西第一物業服務有限公司 (Notes (i) and (iii))	The PRC	RMB50,000,000/ RMB3,000,000	–	100%	Property management
Hunan First Property Services Co., Ltd. 湖南第一物業服務有限公司 (Notes (i) and (iii))	The PRC	RMB10,000,000/ RMB5,000,000	–	100%	Property management
Jiangxi First Property Services Co., Ltd. 江西第一物業服務有限公司 (Notes (i) and (iii))	The PRC	RMB10,000,000/ RMB3,000,000	–	100%	Property management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

17 INVESTMENT IN SUBSIDIARIES (continued)

Company name	Place of incorporation/ establishment and operation	Registered capital/particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Held by the Company	Held by a subsidiary	
First MOMA Human Environment Architectural Engineering Co., Ltd. 第一摩碼人居建築工程(北京)有限公司 (Notes (i) and (iii))	The PRC	RMB30,000,000/ RMB30,000,000	–	100%	Energy saving related services
Dalian Yahang 大連亞航物業管理有限公司 (Notes (i) and (iii))	The PRC	RMB20,000,000/ RMB3,500,000	–	80%	Property management
Qingdao Luohang 青島洛航企業管理有限公司 (Notes (i) and (iii))	The PRC	RMB7,000,000/ RMB7,000,000	–	100%	Property management
Shandong Shangcheng Property Services Co., Ltd. (“Shandong Shangcheng”) 山東上誠物業服務有限公司 (Notes (i) and (iii))	The PRC	RMB10,000,000/ RMB10,000,000	–	70%	Property management
First MOMA Real Estate Brokerage (Beijing) Co., Ltd. 第一摩碼房地產經紀(北京)有限公司 (Notes (i) and (iii))	The PRC	RMB1,000,000/Nil	–	100%	Real Estate brokerage

Notes:

- (i) These entities were registered as domestic limited liability companies under the laws and regulations in the PRC.
- (ii) This entity was registered as a wholly foreign-owned enterprise under the laws and regulations in the PRC.
- (iii) The English translation of the names is for identification only. The official names of these entities are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

18 OTHER FINANCIAL ASSETS — NON-CURRENT

	<i>RMB'000</i>
At 1 January 2024	4,718
Additions	3,000
Changes in fair value	(2,616)
<hr/>	
At 31 December 2024 and 1 January 2025	5,102
Changes in fair value	(3,012)
<hr/>	
At 31 December 2025	2,090

The Group designated certain of its equity investments at FVOCI (non-recycling) as the investment are held for strategic purpose. No dividends were received from these investments during the reporting period.

19 INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Goods for sales	1,216	1,647

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of inventories sold	4,455	12,818

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

20 FINANCIAL ASSETS MEASURED AT FVPL AND OTHER FINANCIAL LIABILITIES

(a) Financial assets measured at FVPL

	Notes	2025 RMB'000	2024 RMB'000
Non-current asset			
Equity instruments measured at FVPL	(i)	17,327	16,500
Current assets			
Wealth management products		55,405	94,211
Equity instruments measured at FVPL	(ii)	212,060	204,844
		267,465	299,055
		284,792	315,555

(b) Other financial liabilities

	Note	2025 RMB'000	2024 RMB'000
Other financial liabilities	(ii)	212,060	204,844

Notes:

- (i) On 23 December 2024, First Property Management (Beijing) Co., Ltd. (“**First Property**”), an indirect wholly-owned subsidiary of the Company, and Beijing Tengyun Century Enterprise Management Consulting Partnership (Limited Partnership) (北京騰雲世紀企業管理諮詢合夥企業(有限合夥)) (“**Beijing Tengyun**”), a company ultimately owned as to 35.93% by a shareholder, indirectly holding approximately 12.53% of the entire issued share capital of the Company, entered into an investment agreement, pursuant to which, First Property agreed to make capital injection amounted to RMB16,500,000 into Beijing Tengyun for the purpose of enabling Beijing Tengyun to make a corresponding investment to hold 16.8% interest in Wuhu Dezhixin Project Investment Partnership Enterprise (Limited Partnership) (蕪湖德致信項目投資合夥企業(有限合夥)) (“**Target Partnership**”) as a limited partner. The capital injection shall be used solely for the purpose of making investment into the Target Partnership for the purpose of acquiring certain investment properties from a company controlled by Mr. Zhang Lei.

Upon completion of the capital injection, the Company indirectly held 6.15% interest in the Target Partnership which is accounted for as financial assets measured at FVPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

20 FINANCIAL ASSETS MEASURED AT FVPL AND OTHER FINANCIAL LIABILITIES

(continued)

(b) Other financial liabilities (continued)

Notes: (continued)

- (ii) On 21 November 2022, the Company as the purchaser, and Platinum Wish Limited (鉑願有限公司) and View Max Limited (景至有限公司) (collectively, as the “**Vendors**”) entered into the share transfer agreement (the “**Agreement**”), pursuant to which the Company would acquire 8% equity interest of Century Golden Resources Services Group Co., Ltd. (世紀金源服務集團有限公司) (the “**Target Company**”), which represents 8% of the issued share capital of the Target Company (the “**Sale Shares**”), at a total consideration of RMB163,045,449.60 (equivalent to approximately HK\$179,520,000). The consideration would be satisfied by the issue and allotment of a total of 264,000,000 ordinary shares of the Company as consideration shares (the “**Consideration Shares**”) at the issue price of HK\$0.68 per consideration share to the Vendors. The transaction was completed on 13 May 2024 (the “**Completion**”).

Pursuant to the Agreement, the Vendors have been granted at nil consideration a call option pursuant to which the Vendors have the right to exercise the call option within three years after the Completion (the “**Option Period**”) by requiring the Company to sell all the Sale Shares to the Vendors, the consideration of which shall be settled by way of transferring all the Consideration Shares to the Company for cancellation.

Pursuant to the Agreement, the Company has been granted at nil consideration a put option pursuant to which the Company has the right to exercise the put option within three years after the Completion by requiring the Vendors to acquire all the Sale Shares from the Company, the consideration of which shall be settled by way of transferring all the Consideration Shares to the Company for cancellation.

Upon the Completion, the investments in the Sale Shares are accounted for as financial assets measured at FVPL. The put option granted to and the call option written by the Company are a compound financial instrument and are not separated presented in the consolidated financial statements. The Company’s obligation to purchase the Consideration Shares for investments in the Sales Shares gives rise to a financial liability for the present value of the redemption determined by reference to the fair value of the Sales Shares at the end of the reporting period.

On 5 September 2025, the Company and the Vendors entered into deeds of the waiver of dividends, pursuant to which the Company would waive all dividends declared by the Target Company and the Vendors would waive all dividends declared by the Company, in respect of the Option Period, see note 27(c)(ii) for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Arising from performance under contracts of green living solutions		
— Third parties	—	335
— Companies controlled by Mr. Zhang Lei	—	2,326
Less impairment:		
— Third parties	—	(228)
— Companies controlled by Mr. Zhang Lei	—	(2,091)
	—	342

The movements in the ECL allowance for contract assets during the reporting period are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At 1 January	2,319	1,627
Credit loss recognised	—	692
Transfer to trade receivables	(2,319)	—
At 31 December	—	2,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

21 CONTRACT ASSETS AND CONTRACT LIABILITIES *(continued)*

(b) Contract liabilities

	2025 RMB'000	2024 RMB'000
Billings in advance of performance		
— Third parties	313,244	320,111
— Companies controlled by Mr. Zhang Lei	7,630	7,850
	320,874	327,961

Movements in contract liabilities

	2025 RMB'000	2024 RMB'000
Balance at 1 January	327,961	302,975
Revenue recognised that was include in the balance of contract liabilities at the beginning of the year	(286,740)	(271,025)
Increase by cash received	279,653	296,011
Balance at 31 December	320,874	327,961

The Group received a deposit before rendering services commences, 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.

As at 31 December 2025, the amounts of contract liabilities expected to be recognised as income after more than one year are RMB42,267,000 (2024: RMB41,221,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

22 TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables from third parties	647,170	605,816
Less: ECL allowance	(274,886)	(228,043)
	372,284	377,773
Trade receivables from related parties	166,241	167,410
Less: ECL allowance	(144,949)	(143,500)
	21,292	23,910
Total trade receivables	393,576	401,683
Prepayments	38,963	37,789
Payments on behalf of property owners	42,746	45,149
Deposits	14,428	14,331
Value-added tax prepaid	9,702	9,466
	105,839	106,735
Other receivables	65,573	46,100
Less: ECL allowance for other receivables	(245)	(245)
Other receivables	65,328	45,855
	564,743	554,273

Trade receivables are primarily related to revenue generated from property management and services in the area of green living solutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

22 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables based on the date of revenue recognition and net of allowance for ECLs of trade receivables is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 1 year	274,576	279,437
1 to 2 years	67,446	68,116
2 to 3 years	24,885	27,257
3 to 4 years	11,167	16,646
4 to 5 years	9,001	8,562
Over 5 years	6,501	1,665
	393,576	401,683

Trade receivables are due when the receivables are recognised. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 28(a).

(b) ECL allowance for trade receivables

The movements in the ECL allowance for trade receivables during the reporting period are as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
At 1 January	371,543	226,888
Credit loss recognised	64,429	147,497
Transfer from contract assets	2,319	–
Written-off	(16,086)	(2,840)
Effect on disposal of subsidiaries	(2,370)	(2)
At 31 December	419,835	371,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	Note	2025 RMB'000	2024 RMB'000
Cash on hand		43	209
Cash at bank		456,887	453,780
Less: restricted cash	(i)	(19,758)	(14,968)
		437,172	439,021

Note:

- (i) At 31 December 2025, the ending balance of restricted cash primarily represents RMB6,118,000 (2024: RMB7,178,000) held by employee share trusts for the purchase or subscription of shares as awarded to the eligible persons pursuant to the First Service Share Award Scheme (“the Scheme”) (see Note 27(d)), RMB12,195,000 (2024: RMB7,114,000) collected on behalf of the property owners’ associations in Group’s property management service business. Pursuant to property management agreements, the Group opens and manages these bank accounts on behalf of the property owners’ associations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(b) Reconciliation of loss before taxation to cash generated from operations:

	Notes	2025 RMB'000	2024 RMB'000
Loss before taxation		(29,004)	(11,112)
Adjustments for:			
Interest income	5	(3,639)	(6,198)
Finance costs, net	6(a)	7,366	(14,671)
Depreciation of property and equipment	6(c)	6,395	5,493
Depreciation of right-of-use assets	6(c)	584	365
Amortisation of intangible assets	6(c)	5,399	5,578
Gains on disposal of subsidiaries	5	(3,204)	(159)
Net valuation (profit)/losses on financial assets measured at FVPL	5	(8,330)	13,261
Fair value loss of investment properties	5	1,396	88
Fair value gain of contingent consideration	5	–	(2,505)
Impairment losses on trade receivables and contract assets	28(a)	64,429	148,189
Impairment loss on goodwill	16	88,233	–
Impairment loss on right-of-use assets	14	681	–
Net losses on disposal of property and equipment	5	652	105
Net realised gains on financial assets measured at FVPL	5	(570)	(1,021)
Share of loss of joint ventures		148	–
Share of loss of associates		654	61
Net losses on disposal of right-of-use assets		711	–
Net loss on disposal of an associate	5	22	–
Net loss on disposal of a project	5	–	2,730
Net loss on acquisition of subsidiaries		–	502
Net losses on disposal of intangible assets	5	–	555
Net loss on disposal of other current assets		–	26
Changes in working capital:			
Decrease/(increase) in inventories		431	(36)
Increase in trade and other receivables		(78,397)	(159,528)
Decrease in contract assets		2,661	1,693
(Increase)/decrease in restricted cash		(4,790)	9,646
(Decrease)/increase in contract liabilities		(7,087)	24,986
(Decrease)/increase in trade and other payables		(14,737)	32,186
Decrease in other current assets		–	91
Cash generated from operations		30,004	50,325

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(c) 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 cash flow statement as cash flows from financing activities.

	Bank loans RMB'000	Interest payable RMB'000	Dividend payable RMB'000 (Note 24)	Lease liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2024	–	161	1,372	–	1,533
Changes from financing cash flows:					
Dividend paid to shareholders	–	–	(28,566)	–	(28,566)
Capital element of lease rentals paid	–	–	–	(153)	(153)
Interest element of lease rentals paid	–	–	–	(75)	(75)
Profit distribution paid to minority shareholders of subsidiaries	–	–	(3,778)	–	(3,778)
Total changes from financing cash flows	–	–	(32,344)	(228)	(32,572)
Other changes:					
Finance costs	–	74	–	75	149
Dividend declared	–	–	47,984	–	47,984
Increase in lease liabilities	–	–	–	2,808	2,808
Offset against other receivables	–	–	(8,731)	–	(8,731)
Others	–	121	–	–	121
Total other changes	–	195	39,253	2,883	42,331
At 31 December 2024 and at 1 January 2025	–	356	8,281	2,655	11,292
Changes from financing cash flows:					
Proceeds from bank loans	480	–	–	–	480
Dividend paid to shareholders	–	–	(30,285)	–	(30,285)
Capital element of lease rentals paid	–	–	–	(308)	(308)
Interest element of lease rentals paid	–	–	–	(96)	(96)
Profit distribution paid to minority shareholders of subsidiaries	–	–	(3,576)	–	(3,576)
Interest paid	(2)	–	–	–	(2)
Total changes from financing cash flows	478	–	(33,861)	(404)	(33,787)
Other changes:					
Finance costs	2	52	–	96	150
Dividend declared	–	–	41,839	–	41,839
Capital contribution from non-controlling shareholders (Note 27(c))	–	–	(16,214)	–	(16,214)
Total other changes	2	52	25,625	96	25,775
At 31 December 2025	480	408	45	2,347	3,280

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

23 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION *(continued)*

(d) Total cash outflow for leases

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within operating cash flows	(1,421)	(1,589)
Within financing cash flows	(404)	(228)
	(1,825)	(1,817)

These amounts relate to the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Lease rentals paid	(1,825)	(1,817)

(e) Non-cash transactions

During 2025, dividend to NCI amounted to RMB16,214,000 were waived and recognised as capital contribution from NCI (Note 27(c)).

During 2024, dividend to NCI of Shandong Shangcheng amounted to RMB8,731,000 were offset against other receivables.

24 TRADE AND OTHER PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	163,098	174,346
Amounts due to related parties	7,074	7,408
Other taxes and charges payable	30,056	28,773
Accrued payroll and other benefits	42,509	46,870
Deposits	62,107	73,451
Dividends payable	45	8,281
Receipts on behalf of property owners	85,907	74,667
Other payables and accruals	40,288	44,538
	431,084	458,334

All the trade and other payables (including amounts due to related parties) are expected to be settled within 1 year or are repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

24 TRADE AND OTHER PAYABLES *(continued)*

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	113,652	131,152
1 to 2 years	15,328	11,945
2 to 3 years	7,040	12,595
Over 3 years	27,078	18,654
	163,098	174,346

25 LEASE LIABILITIES

At 31 December 2025, the lease liabilities were repayable as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	372	308
After 1 year but within 2 years	439	372
After 2 years but within 5 years	943	1,161
After 5 years	593	814
	1,975	2,347
	2,347	2,655

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC Corporate Income Tax		
At 1 January	12,762	11,105
Charged to profit or loss <i>(Note 7)</i>	19,537	26,480
Tax paid during the year	(24,999)	(24,823)
At 31 December	7,300	12,762

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) 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	Revaluation of financial assets measured at	Right-of-use assets RMB'000	Lease liabilities RMB'000	Revaluation of contingent consideration RMB'000	Revaluation of investment properties RMB'000	Unrealised profit and loss RMB'000	Customer relationship RMB'000	Total RMB'000
		FVPL and other financial assets RMB'000							
At 1 January 2024	44,684	46	-	-	(1,960)	(288)	-	(6,597)	35,885
Credited/(charged) to profit or loss	27,693	(237)	(272)	303	1,960	(494)	1,456	910	31,319
Charged to reserve	-	103	-	-	-	-	-	-	103
Effect on disposal of subsidiaries	(73)	-	-	-	-	-	-	-	(73)
At 31 December 2024 and 1 January 2025	72,304	(88)	(272)	303	-	(782)	1,456	(5,687)	67,234
Credited/(charged) to profit or loss	9,084	(224)	56	(40)	-	349	(1,456)	910	8,679
Charged to reserve	-	554	-	-	-	-	-	-	554
Effect on disposal of subsidiaries	(65)	3	-	-	-	-	-	-	(62)
At 31 December 2025	81,323	245	(216)	263	-	(433)	-	(4,777)	76,405

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(b) **Deferred tax assets and liabilities recognised:** (continued)

(ii) **Reconciliation to the consolidated statement of financial position**

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	81,615	73,791
Net deferred tax liabilities recognised in the consolidated statement of financial position	(5,210)	(6,557)
	76,405	67,234

(c) **Deferred tax assets not recognised**

	2025 RMB'000	2024 RMB'000
Unutilised tax losses — PRC	18,093	18,397

In accordance with the accounting policy set out in Note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB18,093,000 (2024: RMB18,397,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(c) Deferred tax assets not recognised (continued)

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

	2025 RMB'000	2024 RMB'000
2025	–	2,605
2026	1,398	1,496
2027	1,346	1,459
2028	5,797	6,285
2029	5,772	6,552
2030	3,780	–
	18,093	18,397

(d) Deferred tax liabilities not recognised

According to PRC corporate income tax laws and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

For the other distributable reserve and retained earnings of PRC subsidiaries of the Group up to 31 December 2025, no deferred tax liabilities were recognised as at 31 December 2025 as the Group controls the dividend policy of the subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Notes	Share capital RMB'000	Share premium RMB'000	Employee share trusts RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024		1	471,487	(20,405)	25,337	(4,247)	472,173
Changes in equity for 2024:							
Total comprehensive income for the year		-	-	-	7,531	3,663	11,194
Dividends approved in respect of the previous year	27(c)	-	(37,835)	1,201	-	-	(36,634)
Consideration shares issued	27(b)	*	219,663	-	-	-	219,664
Grant of put option of consideration shares issued	20(b)(ii)	-	(219,664)	-	-	-	(219,664)
Capital contribution from Mr. Zhang Lei	27(c)	-	9,985	-	-	-	9,985
Balance at 31 December 2024 and 1 January 2025		2	443,636	(19,204)	32,868	(584)	456,718
Changes in equity for 2025:							
Total comprehensive income for the year		-	-	-	(10,209)	1,539	(8,670)
Dividends approved in respect of the previous year	27(c)	-	(39,797)	1,366	-	-	(38,431)
Acquisition of shares for a share award scheme	27(d)	-	-	(2,264)	-	-	(2,264)
Capital contribution from non-controlling shareholders	27(c)	-	16,214	-	-	-	16,214
Balance at 31 December 2025		2	420,053	(20,102)	22,659	955	423,567

* Amounts less than RMB1,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(continued)*

(b) Share capital

Authorised share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 January 2020, with an authorised share capital of US\$50,000 divided into 50,000 shares with par value of US\$1.00 each. In accordance with the shareholders' resolution of the Company passed on 25 September 2020 and effective on 22 October 2020, the authorised share capital of the Company of US\$50,000 is divided into 250,000,000,000 shares of a par value of US\$0.0000002 each.

Issued share capital

	Note	2025		2024	
		No. of shares	RMB	No. of shares	RMB
Ordinary shares, issued and fully paid:					
At 1 January		1,264,000,000	1,756	1,000,000,000	1,381
Consideration shares issued	20(b)(ii)	–	–	264,000,000	375
		1,264,000,000	1,756	1,264,000,000	1,756

(c) Dividends

(i) *Dividends payable to equity shareholders of the Company attributable to the year:*

	2025 RMB'000	2024 RMB'000
Final dividend proposed after the end of the reporting period of HK\$Nil (2024: HK\$3.40 cents) per ordinary share	–	39,797

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(continued)*

(c) **Dividends** *(continued)*

(ii) **Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year.**

	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$3.40 cents per share (2024: HK\$3.30 cents)	39,797	37,835

In 2024, in order to support the Company's development, Mr. Zhang Lei returned the dividend of 2023 amounted to RMB9,985,000 to the Company.

On 5 September 2025, the Company and the Vendors entered into deeds of the waiver of dividends, pursuant to which the Company would waive all dividends declared by the Target Company and the Vendors would waive all dividends declared by the Company, in respect of the Option Period. Accordingly, the Vendors' entitled dividend for 2023 and 2024 of the Company amounting to RMB16,214,000 were waived and recognised as capital contribution from NCI, which were non-cash transactions. The Target Company did not declare dividends during the reporting period.

(d) **Employee share trusts**

On 10 May 2021, the Board resolved to adopt the Scheme, a long-term incentive program to eligible persons, in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(continued)*

(d) Employee share trusts *(continued)*

Employee share trusts are established for the purposes of awarding shares to eligible persons (including employees and directors of the Company or its subsidiaries, and advisors and agents who provide value-added services to the Company or its subsidiaries) under the Scheme. The employee share trusts are administered by the Board and the trustees and are funded by the Group's cash contributions for buying the Company's shares in the open market and recorded as contributions to employee share trusts, an equity component.

During the year ended 31 December 2025, the Company had entrusted the trustee to purchase shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid RMB'000
June 2025	1,245,000	0.33	0.30	363
July 2025	2,800,000	0.34	0.29	798
August 2025	357,500	0.28	0.28	91
September 2025	4,057,500	0.28	0.26	1,012
	8,460,000			2,264

The trustee of the employee share trusts will transfer the shares of the Company to employees upon vesting. As at 31 December 2025, the employee share trusts has held treasury stock of 48,582,500 shares (2024: 40,122,500 shares). During the years ended 31 December 2025 and 2024, no share has been granted and vested.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(continued)*

(e) Nature and purpose of reserves

(i) *Share premium*

Share premium primarily represents the difference between the consideration and the par value of the issued and paid-up shares of the Company.

(ii) *Capital reserve*

The balance of capital reserve represents the aggregate of the difference between the consideration paid and the paid-in capital company acquired under common control, acquisitions of non-controlling interests, and the reorganisation took place prior to the listing of the Company's shares on the Stock Exchange.

(iii) *Statutory surplus reserve*

For the purposes of the consolidated financial statements, the statutory surplus reserve represented the statutory surplus reserve of all entities comprising the Group.

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.

(iv) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the Chinese Mainland. The reserve is dealt with in accordance with the accounting policies set out in Note 2(w).

(v) *Fair value reserve*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investment designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see Note 2(g)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

27 CAPITAL, RESERVES, DIVIDENDS AND NON-CONTROLLING INTERESTS *(continued)*

(f) Non-controlling interests

The following table lists out the information relating to Shandong Shangcheng which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2025 RMB'000	2024 <i>RMB'000</i>
NCI percentage	30%	30%
Current assets	111,634	102,903
Non-current assets	15,751	15,456
Current liabilities	34,173	54,714
Non-current liabilities	1,537	1,732
Net assets attributable to equity shareholders	88,291	59,458
Net assets attributable to NCI	3,384	2,455
Carrying amount of NCI	29,871	20,292
Revenue	113,839	132,289
Profit for the year and total comprehensive income	111	9,600
Profit allocated to NCI	683	3,450
Dividend to NCI	–	8,731
Net cash (used in)/generated from operating activities	(1,395)	64
Net cash used in investing activities	(239)	(1,449)

(g) 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 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 Group's overall strategy remains unchanged throughout the reporting period.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital on the basis of the gearing ratio, which is calculated as total interest-bearing borrowings divided by total equity and amounted to 0.08% at 31 December 2025 (2024: Nil).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and foreign currency risks arise in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities. The Group is not exposed to significant interest rate 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 trade receivables and contract assets. The Group's exposure to credit risk arising from cash and cash equivalent, restricted cash and wealth management products are limited because the counterparties are banks and financial institutions with high credit standing which the Group considers to have low credit risk.

In respect of trade receivables and contract assets arising from contracts with third 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 for the reporting period. Normally, except that the Group enters into several agreements with certain property developers to settle outstanding receivables with properties, the Group does not obtain collateral from customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) **Credit risk** (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets arising from contracts with third parties as at 31 December 2025 and 2024.

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
First Property Management			
Property owners:			
Within 1 year	21%	191,527	41,006
1 – 2 years	46%	97,999	45,504
2 – 3 years	67%	57,661	38,722
3 – 4 years	84%	34,805	29,275
4 – 5 years	99%	22,520	22,379
over 5 years	100%	37,513	37,444
		442,025	214,330
Public facility business from customers and property developers:			
Within 1 year	2%	122,923	2,838
1 – 2 years	18%	12,353	2,182
2 – 3 years	81%	11,508	9,333
3 – 4 years	75%	6,998	5,223
4 – 5 years	90%	13,778	12,344
over 5 years	94%	7,792	7,353
		175,352	39,273
First Living			
Within 1 year	10%	3,976	404
1 – 2 years	10%	3,469	348
2 – 3 years	61%	2,146	1,312
3 – 4 years	94%	2,022	1,901
4 – 5 years	96%	8,312	8,021
over 5 years	94%	9,868	9,297
		29,793	21,283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Credit risk (continued)

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
First Property Management			
Property owners:			
Within 1 year	22%	192,206	41,499
1 – 2 years	46%	85,803	39,185
2 – 3 years	61%	44,703	27,075
3 – 4 years	73%	26,053	19,114
4 – 5 years	86%	16,349	14,097
over 5 years	97%	25,292	24,515
		390,406	165,485
Public facility business from customers and property developers:			
Within 1 year	3%	124,152	3,983
1 – 2 years	31%	23,937	7,473
2 – 3 years	64%	11,492	7,408
3 – 4 years	91%	16,501	15,063
4 – 5 years	95%	7,724	7,345
over 5 years	90%	285	257
		184,091	41,529
First Living			
Within 1 year	5%	7,177	360
1 – 2 years	12%	2,331	290
2 – 3 years	80%	2,546	2,043
3 – 4 years	96%	8,533	8,217
4 – 5 years	89%	5,721	5,078
over 5 years	99%	5,346	5,269
		31,654	21,257

Above information represents the Group's maximum exposure to credit risk in respective of trade receivables arising from contracts with third parties as at 31 December 2025. The Group has entered into agreements with several property developers to settle outstanding receivables with properties or using rights. The Group considers the credit risk arising from the trade receivables is significantly mitigated by the properties or using rights held as collateral or other credit enhancements, with reference to the estimated carrying value of RMB1,757,000 (2024: RMB2,662,000) for those properties and using rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Credit risk (continued)

The expected loss rates are based on actual loss experience over the past 5 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 the economic conditions over the expected lives of the receivables, as well as collateral or other credit enhancements pledged.

Related parties of the Group have encountered liquidity issues since October 2021 due to the adverse impact of a number of factors including the macroeconomic environment and the real estate industry environment. The calculation of loss allowance for trade receivables and contract assets arising from contracts with related parties at 31 December 2024 were carried out by an independent specialist, namely Vincorn Group Holdings Limited, with experience in ECL calculation. The Group considered the credit risk of related parties and loss allowances for trade receivables and contract assets arising from contracts with related parties has not changed significantly since 31 December 2024.

The following table gives information about the expected loss rates for trade receivables and contract assets arising from contracts with related parties are determined.

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables from related parties	87.19%	166,241	144,949
	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Trade receivables from related parties	85.72%	167,410	143,500
Contract assets arising from contracts with related parties	89.90%	2,326	2,091
		169,736	145,591

Above information represents the Group's maximum exposure to credit risk in respective of trade receivables and contract assets arising from contracts with related parties as at 31 December 2025. The Group has entered into agreements with related parties to settle outstanding receivables with properties or using rights. The Group considers the credit risk arising from the trade receivables is significantly mitigated by the properties or using rights held as collateral or other credit enhancements, with reference to the estimated carrying value of RMB5,043,000 (2024: RMB8,431,000) for those properties and using rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(a) Credit risk (continued)

The expected loss rates are estimated based on the weighted-average recovery rate of troubled debts derived from historical market data and have been adjusted for industry specific information and differences between economic conditions during the period over which the historical data has been collected and current conditions, as well as collateral or other credit enhancements pledged. The Group has identified the enterprise prosperity index and real estate industry enterprise prosperity index to be the most relevant factors, and accordingly adjusts the weighted-average recovery rate of troubled debts derived from historical market data based on expected changes in these factors.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative 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.

	2025					Carrying amount at 31 December RMB'000
	Contractual undiscounted cash outflow				Total 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		
Trade and other payables	431,084	–	–	–	431,084	431,084
Bank loans	492	–	–	–	492	480
Lease liabilities	456	507	1,058	625	2,646	2,347
	432,032	507	1,058	625	434,222	433,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(b) Liquidity risk (continued)

	2024					Carrying amount at 31 December
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	458,334	–	–	–	458,334	458,334
Lease liabilities	404	456	1,315	875	3,050	2,655
	458,738	456	1,315	875	461,384	460,989

(c) Interest rate risk

The bank loans as at 31 December 2025 are unsecured, unguaranteed, interest bearing at fixed rate of 2.85% per annum and repayable within one year.

The Group currently does not have significant interest-bearing financial instruments and thus has no significant exposure to fluctuation in interest rate risk at 31 December 2025 and 2024. Accordingly, no sensitivity analysis is presented.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The Company, the BVI subsidiary and the Hong Kong subsidiary's functional currency is HK\$. Their businesses are principally conducted in HK\$.

The Group's PRC subsidiaries' functional currency is RMB and their businesses are principally conducted in RMB. So the Group considers the currency risk to be insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement.

During the reporting period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each reporting period in which they occur.

	Fair value at	Fair value measurements as at		
	31 December	31 December 2025 categorised into		
	2025	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Equity securities designated at FVOCI (non-recycling)	2,090	–	–	2,090
Financial assets measured at FVPL — Wealth management products	55,405	–	55,405	–
— Equity instruments measured at FVPL — current	212,060	–	–	212,060
— Equity instruments measured at FVPL — non-current	17,327	–	–	17,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy (continued)

	Fair value at	Fair value measurements as at		
	31 December	31 December 2024 categorised into		
	2024	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements				
Assets:				
Equity securities designated at FVOCI (non-recycling)	5,102	–	–	5,102
Financial assets measured at FVPL				
— Wealth management products	94,211	–	94,211	–
— Equity instruments measured at FVPL — current	204,844	–	–	204,844
— Equity instruments measured at FVPL — non-current	16,500	–	–	16,500

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of financial assets measured at FVPL is determined based on the estimated amount that the Group would receive to redeem the financial assets at the end of each reporting period. The estimated redeemable amount is calculated based on the most recent transaction price or the daily quotation published by the financial institutions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Weighted average
Equity instruments designated at FVOCI	Market approach	Discount for lack of marketability	33.8% (2024: 32.3%)
Equity instruments measured at FVPL-current	Market approach	Discount for lack of marketability	24.0% (2024: 30.0%)
Equity instruments measured at FVPL — non-current	Asset-based approach	Market price per sqm of investment properties	RMB10,092 – RMB46,788

The fair value of the equity instruments designated at FVOCI is determined by using enterprise value per sales of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2025 it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have increased/decreased the Group's other comprehensive income by RMB32,000 (2024: RMB64,000).

The fair value of the equity instruments measured at FVPL-current is determined by using enterprise value per EBITDA of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

At 31 December 2025, the fair value of the equity instruments measured at FVPL non-current is determined by using enterprise value after having adjusted investment properties to reflect fair value, which is estimated based on comparable transactions for properties in similar location, accessibility, age, quality, size and other factors. At 31 December 2024, the fair value of the equity instruments measured at FVPL non-current is determined by reference to consideration of the transaction with a third party (Note 20(b)(i)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2025 RMB'000	2024 RMB'000
Equity instruments designated at FVOCI:		
At 1 January	5,102	4,718
Additions	–	3,000
Net unrealised losses recognised in other comprehensive income during the period	(3,012)	(2,616)
At 31 December	2,090	5,102
Equity instruments measured at FVPL:		
At 1 January	221,344	–
Additions	–	236,164
Net unrealised gains or losses recognised in profit or loss during the period	8,043	(14,820)
	229,387	221,344
Contingent consideration:		
At 1 January	–	30,546
Payment for contingent consideration	–	(17,600)
Offset by other settlement matters	–	(10,441)
Changes in fair value recognised in profit or loss during the period	–	(2,505)
At 31 December	–	–
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	8,043	(14,820)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

Any gain or loss arising from the remeasurement of the Group's equity securities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of the equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

The gain/loss arising from the remeasurement of contingent consideration are presented in the "other net income" line item in the consolidated statement of profit or loss.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025.

29 CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2025 (2024: Nil).

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the ultimate controlling party of the Group to be Mr. Zhang Lei, together with Mr. Zhang Peng acting as a concert group.

At 31 December 2025, the directors consider the immediate parent of the Group to be Glorious Group Holdings Limited. This entity does not produce financial statements available for public use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 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 certain of the highest paid employees as disclosed in Note 9, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	4,582	4,640
Post-employment benefits	177	219
	4,759	4,859

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

(b) Significant related party transactions

The principal transactions which were carried out in the ordinary course of business are as follows:

Nature of related party transactions	2025 RMB'000	2024 RMB'000
Provision of property management services and other services		
— Companies controlled by Mr. Zhang Lei	1,700	8,732
— Companies controlled by Mr. Zhang Peng	—	344
— Companies jointly controlled by Mr. Zhang Lei	1,273	4,628
Receiving services		
— Companies controlled by Mr. Zhang Lei	1,004	705
— A Company controlled by Mr. Zhang Peng	—	749

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

	Notes	2025 RMB'000	2024 RMB'000
Amounts due from:			
— Companies controlled by Mr. Zhang Lei		117,431	116,296
— Companies jointly controlled by Mr. Zhang Lei		48,810	51,114
	(i)	166,241	167,410
Amounts due to:			
— Companies controlled by Mr. Zhang Lei		6,972	7,306
— Companies jointly controlled by Mr. Zhang Lei		102	102
	(ii)	7,074	7,408
Contract assets:			
— Companies controlled by Mr. Zhang Lei	(ii)	—	2,326
Contract liabilities:			
— Companies controlled by Mr. Zhang Lei		7,630	7,850

* At 31 December 2025, the directors consider the ultimate controlling party of the Group to be Mr. Zhang Lei, together with Mr. Zhang Peng acting as a concert group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

31 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties *(continued)*

Notes:

- (i) The outstanding balances with these related parties are trading balances included in “trade and other receivables” (Note 22) against which a lump sum expected credit loss allowance amounted to RMB144,949,000 was provided at 31 December 2025 (2024: RMB143,500,000) (Note 28(a)).
- (ii) For the year 31 December 2024, the outstanding balances with these related parties are included in “contract assets” (Note 21(a)) against which a lump sum expected credit loss allowance amounted to RMB 2,091,000 was provided (Note 28(a)).
- (iii) In February 2024, Mr. Zhang Peng disposed of certain companies controlled by him to a sibling. The directors consider these companies are no longer related parties of the Group under IAS 24, Related Party Disclosures.
- (iv) Details of set-off arrangements with related parties are set out in Note 14.

(d) Applicability of the Listing Rules relating to connected transactions

Save as those transactions that are exempted from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1), related party transactions included in Note 31(b) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section Connected Transactions of the Directors’ Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Amounts due from subsidiaries		339,393	347,090
Investment in a subsidiary		1	1
		339,394	347,091
Current assets			
Financial assets measured at FVPL		212,060	204,844
Other receivables		6,486	7,954
Cash and cash equivalents		77,698	109,866
		296,244	322,664
Current liabilities			
Other payables		11	8,193
Other financial liabilities		212,060	204,844
		212,071	213,037
Net current assets		84,173	109,627
NET ASSETS		423,567	456,718
CAPITAL AND RESERVES			
	27		
Share capital		2	2
Reserves		423,565	456,716
TOTAL EQUITY		423,567	456,718

Approved and authorised for issue by the board of directors on 27 March 2026.

Liu Peiqing
Director

Zhu Li
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025 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 IFRS 9, Financial instruments and IFRS 7, <i>Financial instruments: disclosures — Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9, Financial instruments 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 except for the following:

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss and other comprehensive income, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and is still in the process of assessing the impact of the adoption.

DEFINITIONS

“AGM”	the annual general meeting of the Company to be held on Tuesday, 23 June 2026;
“Articles of Association”	the articles of association of the Company (as amended from time to time) adopted on 21 June 2022;
“Audit Committee”	the audit committee of the Company;
“Auditor”	the auditor of the Company;
“Board”	the board of Directors of the Company;
“BVI”	the British Virgin Islands;
“Cedar Group”	Cedar Group Management Limited (雪松集团管理有限公司), a BVI business company incorporated in the BVI with limited liability on 19 December 2019;
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules;
“China” or “PRC”	the People’s Republic of China and, except where the context requires and only for the purpose of this annual report, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan. “Chinese” shall be construed accordingly;
“Companies Act”	the Companies Act, Cap. 22 (Law 3 of 1961, as amended or supplemented or otherwise modified from time to time) of the Cayman Islands;
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time;
“Company”, “our Company” or “the Company”	First Service Holding Limited (第一服务控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 20 January 2020, and except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
“Director(s)” or “our Director(s)”	the director(s) of the Company;
“First Assets”	First MOMA Assets Management (Beijing) Co., Ltd. (第一摩碼資產管理(北京)有限公司), a company incorporated in the PRC on 20 September 2002;

DEFINITIONS

“First Living”	First MOMA Human Environment Technology (Beijing) Co., Ltd. (第一摩碼人居環境科技(北京)有限公司) (formerly known as First MOMA Human Environment Technology (Beijing) Joint Stock Limited Company (第一摩碼人居環境科技(北京)股份有限公司)), a limited liability company established in the PRC on 3 December 2014, and an indirect non-wholly owned subsidiary of our Company;
“First MOMA Sports Culture”	First MOMA Sports Culture Development (Beijing) Co., Ltd.* (第一摩碼體育文化發展(北京)股份有限公司) (stock code: 872128), a company established in the PRC with limited liability on 21 November 2002 and is listed on the NEEQ, which is directly and indirectly owned as to 50.59% by Mr. Zhang Peng, the chairman of the Board and a non-executive Director, and directly and indirectly owned as to 13.03% by Mr. Long Han, a non-executive Director;
“First Property” or “First Property (Beijing)”	First Property Service (Beijing) Co., Ltd. (第一物業服務(北京)有限公司) (formerly known as Beijing Modern and First Property (Beijing) Joint Stock Limited Company (第一物業(北京)股份有限公司)), a limited liability company established in the PRC on 6 December 1999, and an indirect wholly owned subsidiary of our Company;
“GFA”	gross floor area;
“Global Offering”	the Hong Kong public offering and the international offering of the Shares;
“Glorious Group”	Glorious Group Holdings Limited (世家集團控股有限公司), a BVI business company incorporated in the BVI with limited liability on 19 December 2019;
“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries from time to time, or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the business operated by such subsidiaries or their predecessors (as the case may be);
“Hao Fung”	Hao Fung Investment Limited (皓峰投資有限公司), a BVI business company incorporated in the BVI with limited liability on 18 December 2019;
“HK\$”, “Hong Kong Dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong;
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC;
“independent third party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules;

DEFINITIONS

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange;
“Listing Date”	the date, being 22 October 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
“Liu Pei Qing Management”	Liu Pei Qing Management Limited (刘培庆管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2021;
“Long Han Management”	Long Han Management Limited (龙晗管理有限公司), a BVI business company incorporated in the BVI with limited liability on 17 December 2019;
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange;
“Memorandum and Articles of Association”	the memorandum and articles of association of our Company (as amended from time to time), adopted on 21 June 2022;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“Modern Land”	Modern Land (China) Co., Limited (當代置業(中國)有限公司) (stock code: 1107), an exempted company with limited liability incorporated in the Cayman Islands on 28 June 2006 and the shares of which are listed on the Main Board of the Stock Exchange;
“MOHURD”	the Ministry of Housing and Urban-Rural Development of the People’s Republic of China (中華人民共和國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the People’s Republic of China (中華人民共和國建設部);
“NEEQ”	the National Equities Exchange and Quotations Co., Ltd., a PRC over-the-counter system for trading the shares of public companies;
“Nomination Committee”	the nomination committee of the Company;
“Prospectus”	the prospectus of the Company dated 12 October 2020;
“Remuneration Committee”	the remuneration committee of the Company;

DEFINITIONS

“RMB”	the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented from time to time;
“Shareholder(s)”	holder(s) of Share(s);
“Share(s)”	ordinary shares in the capital of our Company with nominal value of US\$0.0000002 each;
“Share Award Scheme”	the share award scheme adopted by the Board on 10 May 2021;
“Share Option Scheme”	the share option scheme conditionally adopted pursuant to the written resolutions passed by our Shareholders on 25 September 2020;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

In this annual report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “core connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms under the Listing Rules, unless the context otherwise requires.

* English names for identification only