
FINANCIAL INFORMATION

The following discussion and analysis of our financial position and results of operations should be read in conjunction with our historical financial information included in “Appendix I — Accountants’ Report”. You should read the whole Accountants’ Report as set out in Appendix I to this document and not rely merely on the information in this section.

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results and timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors”, “Forward-Looking Statements” and elsewhere in this document.

In addition, the following discussion and analysis contains certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them, and all monetary amounts and percentages shown are approximate amounts only.

OVERVIEW

Since our inception in 2019, we have established deep roots in Zhejiang Province, specifically in the Jinhua-Yiwu Area (Yiwu City which is located in Jinhua, Zhejiang Province and its surrounding area), which is recognised as “home to the world’s largest small commodities market” by the World Bank and in accordance with the World Investment Report published by the United Nations. We differentiate ourselves through a strategic specialisation in industrial park management, distinguishing us from other competitors who primarily focus on residential properties. By establishing a dominant foothold in the Jinhua-Yiwu manufacturing hub, we offer a suite of services tailored specifically for enterprise occupants from various industries. Beyond basic property management services, we offer diversified value-added services including (i) operational support services; (ii) park ancillary services; and (iii) energy-related services. We offer value-added services to property developers, property owners, tenants and occupants. Through the provision of these services, we can establish in-depth cooperative relationships with property developers and also offer a wide spectrum of park value-added services that address the occupants’ needs. For further information about our Group’s business and operations, please see the section headed “Business”.

Our comprehensive service scope comprises:

- **Basic Property Management Services:** We offer a comprehensive suite of basic property management services designed to maintain the safety, functionality, and exterior of the public area of our managed properties. These services cover the full lifecycle of occupancy, from move-in to move-out, and include repair and maintenance, security and safety management, and cleaning and gardening services for all common areas.

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- **Value-added Services:** Beyond the basic property management services, we provide diversified optional value-added services to accommodate the specific needs of property developers, owners, tenants and occupants and to enhance the value of commercial assets of our managed portfolio. We are also engaged by property developers and property management company to provide operational support services for properties that are not under our management. We provide value-added services through our own employees or through our network of selected service providers. Our value-added services comprise (i) operational support services; (ii) park ancillary services and (iii) energy-related services.

As at 30 June 2026, our total GFA under management amounted to approximately 3.7 million sq.m. across 22 projects, primarily comprising industrial parks. For the details of our managed properties, please see the section headed “Business — Our Managed Properties”.

We experienced steady growth during the Track Record Period, driven by the expansion of our business scale. Financially, we generated revenue of RMB71.7 million for FY2024 and RMB79.7 million for FY2025 and RMB40.2 million for 1H2026. Operationally, we saw significant expansion in our portfolio; the aggregate GFA under management rose from 3.8 million sq.m. for FY2024 to 4.4 million sq.m. for FY2025. As at 30 June 2026, our aggregate GFA under management was approximately 3.7 million sq.m., primarily reflecting the completion of certain property management engagements during the period.

BASIS OF PREPARATION OF FINANCIAL INFORMATION

The historical financial information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the historical financial information and the interim comparative financial information FY2024, FY2025, 1H2025 and 1H2026.

The historical financial information has been prepared under the historical cost convention. For details of our basis of preparation, please refer to Note 2 of the Accountants’ Report in Appendix I to this document.

The preparation of the Group’s historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information of our Group are disclosed in Note 3 of the Accountants’ Report in Appendix I to this document.

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The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ¹
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ¹
HKFRS 20	<i>Regulatory Assets and Regulatory Liabilities</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ¹

¹ Effective for annual/reporting periods beginning on or after 1 January 2027

² Effective for annual periods beginning on or after 1 January 2029

³ No mandatory effective date yet determined but available for adoption

We are in the process of making a detailed assessment of the impact of these new and revised HKFRS Accounting Standards upon initial application. So far, we consider that these new and revised HKFRS Accounting Standards may result in changes in certain accounting policies but are unlikely to have a significant impact on the our results of operations and financial position in the period of initial application.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required.

The adoption of the above standards and amendments is not expected to have a significant impact on our operating results, comprehensive income and financial position.

MATERIAL ACCOUNTING POLICY INFORMATION, ESTIMATES AND ASSUMPTIONS

We have identified certain accounting policies that we believe are the most significant to the preparation of our consolidated financial statements. Our material accounting policy information, which are important for understanding our results of operations and financial condition, are set forth in Notes 2 and 3 to the Accountants’ Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgment relating to accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (1) our selection of critical accounting policies, (2) the judgment and other uncertainties affecting the application of such policies, and (3) the sensitivity of reported results to changes in conditions and assumptions.

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KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed “Risk Factors”:

Our Ability to Respond to Macro Environment and Regulatory Changes of the Real Estate and Property Management Services Industries

Our business and results of operations are subject to the macroeconomy and the changes in the macro environment of the real estate industry, as well as the regulatory environment and measures affecting the property management industry. The number of new property development projects is dependent on the performance of the real estate market, which is subject to the overall economic growth, government policies and planning, the rate of urbanisation, the demographic transition and, consequently, the demand for properties. Any economic downturn, particularly in the regions where we operate, could adversely affect our business and results of operations.

Our Ability to Maintain and Expand Business Scale and Revenue

Our future success is dependent on our ability to maintain an appropriate scale and mix of projects and GFA under our management, enhance the revenue contribution from the projects under our management, and our ability to further penetrate the market by expanding the scope of our service offerings and improving the quality and efficiency of our existing services. The total number of our property management projects increased from 23 in the year ended 31 December 2024 to 25 in the corresponding period in 2025, and the total aggregate GFA under our management of our property management services increased from 3.8 million sq.m. in 2024 to 4.4 million sq.m. in 2025. In the first half of 2026, however, the number of property management projects under our management decreased from 24 in the corresponding period in 2025 to 22, while the aggregate GFA under management decreased from approximately 4.0 million sq.m. to approximately 3.7 million sq.m. Despite such decreases, our revenue from property management services increased, primarily attributable to the increase in the average monthly property management fee per sq.m.

Accordingly, our business and results of operations are affected not only by the number of projects and scale of GFA under our management, but also by the average property management fees we are able to charge, the revenue contribution and service mix of our projects, and our ability to renew existing and secure new service engagements. There can be no assurance that we will be able to maintain or increase our average property management fees or offset any future decrease in the number of projects or GFA under management through higher property management fees or other sources of revenue. Any material decrease in our project portfolio or GFA under management, particularly if not offset by an increase in average property management fees or revenue contribution from our remaining projects, may adversely affect our business, financial condition and results of operations.

Our Parent Group, has contributed and is expected to continue to contribute to our long-term sustainable growth, providing us with strong confidence in our development. During and following the Track Record Period, we have been making continuous efforts to expand our business from Independent Third Parties, aiming to broaden our revenue sources and diversify our customer portfolio. In the future, we will further strengthen independent business development, enhance our expansion capabilities and competitive edges in the market, and reduce our reliance on related parties.

Our Ability to Optimise Business Mix

During the Track Record Period, we derived our revenue from the provision of property management services, which comprise revenue from basic property management services and value-added services. Generally, our gross profit margin for value-added services is higher than that for basic property management services. This is primarily due to our ability to tailor a wide range of value-added services to meet the specific needs of our customers, by effectively aligning these needs with our

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available resources. By facilitating these connections, we maintain lower operational costs, as value-added services are typically not labour intensive. Any change in the structure of revenue contribution from our business lines or change in the gross profit margin of any business line may have a corresponding impact on our overall gross profit margin.

Our Ability to Mitigate the Impact of Staff Costs and Subcontracting Costs

Our results of operations and financial position are affected by labour and subcontracting related costs. As property management is a labour-intensive industry, we incurred substantial staff costs and subcontracting costs in the provision of our services. During the Track Record Period, the total staff costs and subcontracting costs amounted to RMB27.2 million for FY2024, RMB31.9 million for FY2025 and RMB14.7 million for 1H2026, representing 59.4%, 77.4% and 76.9% of our total cost of sales, respectively. The increase was primarily attributable to our business expansion and increase in labour-intensive services outsourced to subcontractors. However, any significant increase in our staff costs or subcontracting costs may negatively affect our profit and reduce our profitability.

For illustration purposes only, we set out below a sensitivity analysis of our profit before income tax and profit for the year with reference to the fluctuation of staff costs and subcontracting costs during the Track Record Period. The following table demonstrates the effect of the hypothetical increase in staff costs and subcontracting costs on our profit before income tax and profit or loss for the year, while all other factors remain unchanged:

	FY2024 RMB'000	FY2025 RMB'000	1H2025 RMB'000	1H2026 RMB'000
			(unaudited)	
Profit before tax	12,600	21,622	1,828	9,420
Profit for the year/period	7,896	15,937	590	7,592
Assuming 5% increase in our staff costs and subcontracting costs				
Impact on our profit before income tax	(1,636)	(1,938)	(979)	(959)
Impact on our profit for the year/period ⁽¹⁾	(1,227)	(1,454)	(734)	(720)
Assuming 10% increase in our staff costs and subcontracting costs				
Impact on our profit before income tax	(3,272)	(3,876)	(1,957)	(1,919)
Impact on our profit for the year/period ⁽¹⁾	(2,454)	(2,907)	(1,468)	(1,439)

Note:

(1) Impact on profit for the year/period was calculated under the assumption that CIT was 25% for the year/periods.

Our Ability to Compete against Other Market Participants

According to Frost & Sullivan, the competitive landscape of China’s property management services industry is relatively fragmented, as at 31 December 2025, there were over 300,000 property management service providers in the market property management. As at 31 December 2025, there were nearly 20,000 property management service providers in Zhejiang Province’s property management services market. We compete with a range of property management and related services providers based on a number of factors, including business scale, brand recognition, pricing and service quality. For more details, please see the section headed “Industry Overview — Competitive Landscape of Property Management Services Market in China and Zhejiang Province”. Our future and prospects in this industry depend on our ability to effectively compete with our competitors and maintain or improve our market positioning, which is dependent on our ability to strengthen our competitive advantages. In the event that we fail to compete and cannot maintain or expand our total GFA under management, we may lose market share and our revenue and profitability may be adversely affected. For details, please see the section headed “Risk Factors”.

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CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial information. The preparation of consolidated financial information involves judgements, estimates and assumptions relating to accounting items. We continuously evaluate these estimates and assumptions based on the most recently available information, our own historical experience and other assumptions that are believed to be reasonable under the circumstances. The use of estimates is an integral component of the financial reporting process and actual results seldom equal to our estimates. We will continuously assess our assumptions and estimates going forward. We set out below those policies, estimates and judgements to be critical to an understanding of our consolidated financial information as their application places the most significant demands on our management’s judgement. For more details on our significant accounting policies, accounting estimates and judgements, please see Notes 2 and 3 in the Accountants’ Report set out in Appendix I.

Revenue Recognition

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, 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 between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

We provide property management services, which include basic property management services and value-added services. Basic property management services, include repairs and maintenance, security and safety management, and cleaning and gardening services for common areas. Value-added services mainly consist of energy-related services, park ancillary services and operation support services: (a) energy-related services, mainly comprise introduction services to energy technology companies to invest and install relevant facilities such as solar energy stations and energy storage devices in the industrial park managed by us and thereafter assist energy technology companies with electricity bill collection; (b) park ancillary services, which include a wide range of optional services for the occupants in the industrial park, such as in-unit support services, including cleaning and repair services; and (c) operational support services, mainly consist of (i) property sales support services by assisting the property developers to sell their properties; (ii) commercial operation services, the property owners entrust the Group with the authority to manage the property owners’ properties; (iii) vendor sourcing services which assist the occupants by sourcing qualified safety production management consultants to provide safety training and inspection, referring building decoration companies to manufacturing occupants for furniture and equipment services tailored to their operational requirements; and (iv) management services, which assist the consultant companies in organising training sessions and drills for the enterprise occupants within the industrial park.

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For basic property management services, we charge property management fees in respect of basic commercial property management services on a lump sum basis. We are entitled to retain the full amount of the property management fees received. We shall bear expenses associated with, repairs and maintenance, security and safety management, and cleaning, and gardening services for common areas. During the terms of the contracts, if the amount of property management fees we collected is not sufficient to cover all the expenses incurred, we are not entitled to request the property owners or property developers to pay the shortfall. Accordingly, on a lump sum basis, we recognise as revenue the full amount of property management fees we charged to the property owners and property developers.

Revenue from basic property management services and park ancillary services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

Revenue from energy-related services is recognised at the point in time when the services have been provided. The service fee is charged on a profit sharing basis between the energy service providers and the Group for those energy projects located at the properties managed by us.

Revenue from property sales support is recognised at the point in time when the property buyer and the certain property developer have executed the sales and purchase agreement and the required payment was fully settled by the buyer or the buyer’s mortgaged bank. Certain revenue from property sales support services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

Revenue from commercial operation services is recognised over the rental period agreed by the tenant and the property developer in the rental agreement on a straight-line basis, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from vendor sourcing services is recognised at the point in time when the vendors introduced by the Group completed their services provided to the customers.

Revenue from management service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on our net investment outstanding in respect of the leases.

Rental income is recognised on a time proportion basis over the lease terms. 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 incurred.

Other Income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Investment Properties

Investment properties are leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

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An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if we as intermediate lessor classifies the sublease as a finance lease.

Depreciation is calculated on the straight-line basis to write off the cost of an investment property over its estimated useful life. The estimated useful lives of investment property as follows:

Commercial properties	5.5 to 10 years
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Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Leases

We assess at contract inception whether a 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.

Group as a Lessee

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

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Employee apartments and office premises	3 to 5 years
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If ownership of the leased asset transfers to us by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding investment properties are stated at cost less accumulated depreciation and any impairment losses, in accordance with our policy for “investment properties”.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by us and

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payments of penalties for termination of a lease, if the lease term reflects us exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, we use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Short-term leases

We apply the short-term lease recognition exemption to its short-term leases of equipment, apartment and parking lot (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a Lessor

When we act as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which we do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, we allocate the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as finance lease at the amount of our net investment in the leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

When we are an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which we apply the on-balance sheet recognition exemption, we classify the sublease as an operating lease. Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of property, plant or equipment that is the subject of the lease).

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SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying our accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Accountants’ Report:

Property Lease Classification — Group as Lessor

We have entered into commercial property leases on its investment property portfolio. We have determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Estimation Uncertainty

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

Provision for Expected Credit Losses on Trade Receivables

We use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for customer segments that have similar loss patterns.

The provision matrix is initially based on our historical expected default rates. We calibrated the matrix to adjust the historical credit loss experience with forward-looking information such as the debtors and the economic environment. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical credit loss rates are adjusted. At each reporting date, the historical credit loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical credit loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. Further details are contained in note 16 to the Accountants’ Report.

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Leases — Estimating the Incremental Borrowing Rate

We cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what we “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions). We estimate the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

RESULTS OF OPERATIONS

The following table sets out a summary of the results of the Group during the Track Record Period, derived from the Accountants’ Report set out in Appendix I to this document.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	FY2024	FY2025	1H2025	1H2026
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
			<i>(unaudited)</i>	
REVENUE	71,683	79,672	36,295	40,224
Cost of sales	<u>(45,659)</u>	<u>(41,122)</u>	<u>(21,711)</u>	<u>(19,078)</u>
Gross profit	26,024	38,550	14,584	21,146
Other income and gains	4,411	6,287	1,015	215
Selling and distribution expenses	(377)	(2,013)	(867)	(517)
Administrative expenses	(10,854)	(15,610)	(5,645)	(8,643)
Reversals of loss allowance/ (Impairment losses) on financial instruments, net	410	(1,273)	(4,288)	(2,156)
Other expenses	(39)	(585)	(43)	(187)
Finance costs	(6,975)	(3,734)	(2,928)	(365)
Share of the loss of an associate	—	—	—	(73)
PROFIT BEFORE TAX	12,600	21,622	1,828	9,420
Income tax expense	<u>(4,704)</u>	<u>(5,685)</u>	<u>(1,238)</u>	<u>(1,828)</u>
PROFIT FOR THE YEAR/PERIOD	<u>7,896</u>	<u>15,937</u>	<u>590</u>	<u>7,592</u>
Attributable to:				
Owners of the parent	8,134	15,747	472	7,042
Non-controlling interests	(238)	190	118	550

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DESCRIPTION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

By Type of Services

During the Track Record Period, we generated the majority of our revenue from the provision of basic property management services and value-added services to property developers, owners, tenants and occupants in industrial parks, primarily comprising the following core services:

Property management services		Value-added services		
Basic property management services				
These services cover the full lifecycle of occupancy, from move-in to move-out, and include repair and maintenance, security and safety management, and cleaning and gardening services for all common areas.		Diversified optional value-added services to accommodate the specific needs of property developers, owners, tenants and occupants and to enhance the value of commercial assets of our managed portfolio. We are also engaged by property developers and property management company to provide operational support services for properties that are not under our management.		
		(i) Operational support services	(ii) Park ancillary services	(iii) Energy-related services
		In the course of interactions with the extensive network of property developers and occupants, we have obtained first-hand information on their needs. Leveraging our resource integration capability, we offer operational support services that address our customers’ operational needs in cooperation with third parties service providers. Our operational support services comprise (i) property sales support services; (ii) commercial operation services; and (iii) vendor sourcing and management services.	We provide a wide range of optional services for our occupants. These services are delivered primarily by our dedicated in-house team. By offering these park ancillary services, we empower businesses to optimise their focus on core operations, enhance workplace satisfaction, and improve overall operational convenience. For instance, we deliver a suite of in-unit support services, including cleaning and repair services. Our park ancillary services are generally pay-per-use.	We introduce energy technology companies to invest in and install solar energy stations (including solar panels and cells) in our managed projects. We charge a service fee from the energy technology companies, comprising (i) a fee per area for the provision of rooftop space and (ii) the difference between the electricity charge and the predetermined unit cost according to the service agreement.

The following table sets forth a breakdown of our total revenue and GFA under our management for the year/period indicated by services we provide:

	FY2024			FY2025			1H2025			1H2026		
	GFA	Revenue	%	GFA	Revenue	%	GFA	Revenue	%	GFA	Revenue	%
	(sq.m.'000)	RMB'000		(sq.m.'000)	RMB'000		(sq.m.'000)	RMB'000		(sq.m.'000)	RMB'000	
							(unaudited)					
Property Management Services												
Basic services	3,790	42,521	59.3	4,430	53,402	67.0	3,975	25,725	70.9	3,706	27,451	68.2
Value-added Services	N/A	29,162	40.7	N/A	26,270	33.0	N/A	10,570	29.1	N/A	12,773	31.8
Operational support services ⁽¹⁾	N/A	22,503	31.4	N/A	16,715	21.0	N/A	6,112	16.8	N/A	7,902	19.7
Park ancillary services	N/A	3,377	4.7	N/A	4,981	6.3	N/A	2,426	6.7	N/A	2,772	6.9
Energy-related services ⁽¹⁾	N/A	3,282	4.6	N/A	4,574	5.7	N/A	2,032	5.6	N/A	2,099	5.2
Total	3,790	71,683	100.0	4,430	79,672	100.0	3,975	36,295	100.0	3,706	40,224	100.0

Note:

- Included in operational support services and energy-related services were also finance income on net investment in lease and gross rental income from investment property operating leases. For details, please see “Description of Key Items of Consolidated Statements of Profit or Loss and Other Comprehensive Income — Revenue — By type of service — value-added services” in this section.

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Basic services

Basic property management services was our largest revenue contributor during the Track Record Period and demonstrated an increasing trend in terms of both amount and proportion, which amounted to RMB42.5 million and RMB53.4 million for FY2024 and FY2025 and RMB25.7 million and RMB27.5 million for 1H2025 and 1H2026, respectively, representing 59.3%, 67.0%, 70.9% and 68.2% of our total revenue. The overall increase in revenue from basic property management services during the Track Record Period was primarily driven by the expansion of our business scale, as our total GFA under management increased from 3.8 million sq.m. in FY2024 to 4.4 million sq.m. in FY2025. While the number of property management projects decreased from 24 in 1H2025 to 22 in 1H2026, property management revenue remained relatively stable as a result of the higher average monthly property management fee in 1H2026. Our monthly average property management fee, on the other hand, decreased in FY2025.

The following table sets forth our average monthly basic property management fee for the year/period indicated under basic property management services.

	FY2024	FY2025	1H2025	1H2026
	Average monthly basic property management fee			
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>per sq.m.</i>	<i>per sq.m.</i>	<i>per sq.m.</i>	<i>per sq.m.</i>
Basic Property Management Services	1.17	1.08	1.08	1.23

Our average monthly property management fee per sq.m. decreased from RMB1.17 for FY2024 to RMB1.08 for FY2025. Such decrease was primarily attributable to the relatively lower property management fees charged in 2025 for several projects located in Wuyi County of Jinhua City, namely Jiuyao Technology Small Enterprise Park (久耀科技小微園), Xingyao Technology Small Enterprise Park (興耀科技小微園) and Wuyi County Optical & Electronic Industrial Park (武義縣光電產業園). As confirmed by Frost & Sullivan, property management service fees in Wuyi County are generally lower than those in more economically developed areas due to local market conditions, relatively lower operating costs and tenant profiles in the region. In addition, Wuyi County Optical & Electronic Industrial Park was undertaken by the Group as a strategic project to establish a cooperative relationship with the project developer, which is a state-owned enterprise, with a view to facilitating potential opportunities to secure additional projects in the future.

The decrease was also attributable to certain project-specific factors. In particular, the property management fees for Yiwu Digital and Intelligent Industrial Community (義烏數字與智能化產業社區) decreased by approximately 50% from RMB0.8 per sq.m. in 2024 to RMB0.4 per sq.m. in 2025 as discounted management fees were offered during the year due to the relatively low occupancy rate of the project. In light of the relatively low management fee levels and the limited profitability of the project, and taking into account that its financial performance was not expected to improve materially, the Group elected not to renew the relevant property management contract upon its expiry in November 2025. In addition, the property management fees for Lanchuang Shoutian Plastic Products Industrial Park (蘭創首田塑料製品產業園) were relatively lower during the year as Phase II of the project was only delivered towards the end of 2025, and preferential management fee arrangements were granted to the project developer prior to the delivery of the units. Upon the delivery of phase II of the project, the average monthly property management fee increased to RMB0.5 per sq.m. in 1H2026 from RMB0.3 per sq.m. in the 1H2025.

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Our average monthly property management fee per sq.m. increased from RMB1.08 for 1H2025 to RMB1.26 for 1H2026, representing an increase of 16.7%. The increase was primarily attributable to property management projects sourced from Independent Third Parties, in particular Lanxi Hongtu Smart Technology Industrial Park (蘭溪市鴻圖智能科技產業園) and Lanxi City Lanchuang Jiuyu Science and Technology Innovation Valley Industrial Park (蘭溪市蘭創九聿科創智谷產業園).

The average monthly property management fee per sq.m. for Lanxi Hongtu Smart Technology Industrial Park of RMB2.1 in 1H2026 was higher than the average by 66.6%, which was mainly attributable to the recovery of certain outstanding property management fees relating to prior years. Under the previous service arrangement, settlement with the intermediary property management company was based on amounts collected by it from the ultimate property owners/users. Such outstanding fees were previously considered difficult to recover and no settlement was expected by the Group. During 1H2026, the Group assisted in recovering such fees from the relevant property owners/users, following which the intermediary property management company made the corresponding additional settlement to the Group, resulting in higher property management revenue during the period.

The average monthly property management fee per sq.m. for Lanxi City Lanchuang Jiuyu Science and Technology Innovation Valley Industrial Park of RMB1.4 in 1H2026 was higher than the average by 11.1%, which was mainly attributable to the Group’s direct engagement by the property developer commencing in February 2026, replacing the previous arrangement under which the Group provided services through an intermediary property management company and a portion of the service fees was retained by such intermediary.

The increase was also attributable to the Group’s portfolio optimisation strategy. In particular, the Group did not renew the property management engagement for Yiwu Digital and Intelligent Industries Community (義烏數字與智能化產業社區) in 2025, which generated a relatively low average monthly property management fee of approximately RMB0.4 per sq.m. The exclusion of this lower-fee project from the Group’s property management portfolio contributed to the increase in the Group’s overall average monthly property management fee per sq.m.

The increase was partially offset by the termination of two other Independent Third-party Property management projects, namely Optical Film Industry Chain Science and Technology Innovation Park (光學膜產業鏈科創園) and Tudian Town Intelligent Innovation Park (屠甸鎮智創園), and the commencement of a new property management project, Xingyao Technology Small Enterprise Park (興耀科技小微園). The average monthly property management fee of Xingyao Technology Small Enterprise Park was comparatively lower primarily because the project is located in Wuyi County, where the prevailing property management fee level is generally lower, and the project had a relatively low tenant occupancy rate during the initial stage of operation, for which the Group offered preferential property management fees.

During the Track Record Period, the monthly average property management fee appears to be lower than the industry average of RMB1.85 in 2024 and RMB1.88 in 2025 primarily due to (i) the reasons aforementioned; and (ii) the variability in operational and management requirements among different industrial parks, which can vary significantly depending on the nature and composition of the tenant companies within each park; some properties necessitate higher standards for cleaning and security services, as outlined in the industry report. Additionally, for unsold properties within industrial parks, we may offer property developers a discount on the overall property management fee, depending on the sales progress. This practice further contributes to the lower average compared to industry standards.

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Value-added services

Our value-added services include (i) operational support services, being the largest component of value-added services; (ii) park ancillary services; and (iii) energy-related services. Our historical commercial operation services model in operational support services involved subleasing arrangements, while its energy-related services involved the entrusted management of rooftop spaces owned by property owners, which are then made available to energy technology companies for solar energy installations. In both cases, the Group receives consideration from tenants or energy technology companies for the occupation and use of the relevant properties or spaces.

Such arrangements are accounted for as leases under HKFRS 16 Leases and are classified into different categories depending on the terms of the relevant lease agreements. For further details, please refer to the subsections headed “DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION — Net Investment in Lease and Investment Properties” in this section.

In substance, these transactions represent lease income derived from the use of property space; however, their accounting treatment differs depending on the classification of the underlying lease arrangements under applicable accounting standards. Such lease-related income is accounted for under HKFRS 16 Leases and is presented separately from revenue recognised under HKFRS 15 Revenue from Contracts with Customers in the Accountants’ Report.

For the purpose of illustrating the Group’s business model and revenue streams, revenue in the “Summary” and “Business” sections is presented based on the nature of services provided by the Group, which includes the aforesaid leasing-related income. The table below illustrates how the leasing-related income separately presented in the Accountants’ Report is reflected within the revenue breakdown presented in the “Summary” and “Business” sections.

	FY2024 RMB’000	FY2025 RMB’000	1H2025 RMB’000 (unaudited)	1H2026 RMB’000
Value-added Services	29,162	26,270	10,570	12,773
— Operational support services	22,503	16,715	6,112	7,902
• Commercial operation services				
• finance income on net investment in leases ⁽¹⁾	223	439	6	35
• rental income from operating leases ⁽²⁾	20,224	904	428	364
• entrusted management	—	7,874	3,816	4,131
• Vendor sourcing and management	2,056	2,695	1,320	274
• Property sales support services	—	4,803	542	3,098
— Park ancillary services	3,377	4,981	2,426	2,772
— Energy-related services	3,282	4,574	2,032	2,099
• finance income on net investment in leases ⁽¹⁾	1,028	1,419	690	694
• Others	2,254	3,155	1,342	1,405

Notes:

- Finance income represents the interest income recognised over the lease term on the net investment in lease, which mainly comprises subleases under our sublease model and leased rooftops in certain industrial parks that are classified as finance leases, under which the lease terms granted to tenants cover substantially all of the remaining lease terms of the corresponding head leases.
- Rental income from operating leases represents lease payments receivable from tenants for the use of the leased properties under the sublease model, recognised on a straight-line basis over the lease term, and mainly arises from subleases that are classified as operating leases, under which the lease terms granted to tenants do not cover substantially all of the remaining lease terms of the corresponding head leases.

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Value-added services decreased from RMB29.2 million for FY2024 to RMB26.3 million for FY2025, with its contribution to total revenue falling from 40.7% to 33.0%. The primary factor behind this decline was the substantial cessation of the sublease model for our commercial operation services under our operational support services at the end of 2024. Under the sublease model, the Group recognised primarily gross rental income from tenants as revenue, whereas under the entrusted management services model, only a service fee is recognised, which is significantly lower as it represents premium of the actual rent paid by the tenants over the designated floor price retained by the property owners.

In 2024, we originally leased properties from owners of our managed properties and subleased them to tenants. Under this model, the Group was required to bear fixed rental costs regardless of whether tenants were secured. When market conditions were favourable, higher occupancy rates and rental levels enabled us to achieve higher revenue and profit. However, during economic downturns, commercial and industrial properties may experience reduced occupancy or extended vacancy periods, which could result in revenue falling short of fixed rental commitments.

There was one commercial operation services contract under the sublease model for which we recorded losses in both FY2024 and FY2025, as the rental income generated from subleasing the premises was insufficient to cover the corresponding lease costs incurred by us. According to Frost & Sullivan, during 2022 to 2025, China and Zhejiang Province experienced an economic downturn affected by factors including the deep adjustment of the real estate market, subdued consumer confidence, weakened corporate investment appetite, and heightened uncertainty in external demand. As a result, enterprises adopted more cautious leasing strategies and cost-control measures, which led to pressure on occupancy rates and prolonged vacancy periods for commercial and industrial properties in Zhejiang Province during the Track Record Period. In particular, such market conditions contributed to lower occupancy utilisation and limited our Group’s ability to achieve higher rental rates for the relevant premises.

In light of the continued losses, we proactively engaged with the landlord, which is a state-owned enterprise, and negotiated an early termination of the lease agreement in August 2025 pursuant to a termination agreement, without any compensation payable by us. The original head lease, which would otherwise have remained in effect until March 2034, was accordingly terminated in August 2025, and the corresponding sublease arrangement with the tenant was also terminated. To the best knowledge of the Directors, the tenancy arrangement with the tenant was subsequently taken over by another lessee of the landlord.

Since then, to mitigate business risk, particularly in less favourable market conditions, we made the strategic decision to substantially discontinue our sublease model at the end of 2024. Nevertheless, we continue to offer operational support services to our clients who have specific needs in their operation, including property sales support services. In 2025, most of the properties were operated by us under the entrusted management services model, whereby property owners including our Parent Group entrust us with the authority to manage their properties, including the factories, units in the ancillary building and the rooftop. Under the entrusted management services agreement, we and property owners agree on a designated floor price of the properties, which will be retained by the property owners as their return and is determined taking into account (i) the comparable market rent for properties in the surrounding area, which is the expected rent payable by the tenants; and (ii) our operation costs incurred. Our service fee is the premium of the actual rent paid by the tenants over the designated floor price, which is economically similar to the margin between rental income and rental and operational costs under the sublease model. Under this arrangement, the Group no longer bears fixed rental obligations to property owners. This shift reduces our exposure to fixed-cost risks while allowing us to continue offering value-added services to property owners, tenants and occupants. For details of pricing basis, see “Business — Our Business Model — Value-added Services — commercial operation services”.

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As we work to discontinue the sublease model, not all projects have transitioned to the new entrusted management services model. During FY2025, two contracts remained under the sublease model which will continue until their respective contracts expire. These remaining contracts are expected to be phased out upon the expiry of their existing terms, one of which expired in August 2025 and the other is expected to expire in 2028. The complexities involved in changing these contracts have led to their continued use for the time being. During 1H2026, only one contract remained under the sublease model. As a result, the revenue generated from the sublease business further decreased to RMB0.4 million, representing only 8.8% of the Group’s revenue from commercial operation services, and approximately 1.0% of the Group’s total revenue for the period.

The table below sets forth a further breakdown of our commercial operation services into the two service models, sublease model and the entrusted management services model for the year/period indicated:

	FY2024		FY2025		1H2025		1H2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>							
Commercial operation services	20,447	100	9,217	100	4,250	100	4,530	100
• Subleasing	20,447	100	1,343	14.6	434	10.2	399	8.8
• Entrusted management services	—	—	7,874	85.4	3,816	89.8	4,131	91.2

In line with the substantial discontinuity of the sublease model, the pattern of revenue recognition has also changed. In FY2024, the Group’s arrangements under the sublease model were predominantly operating leases, under which rental income received from tenants was recognised on a gross basis, with the associated rental expenses recorded separately. Both in FY2024 and FY2025, the Group also had finance lease arrangements, which the Group recognised finance income based on the net investment in the lease. By contrast, under entrusted management services, we only charge and recognise a service fee, rather than the full rental proceeds. The reported revenue from the commercial operation services segment, therefore, decreased significantly from RMB20.4 million in FY2024 to RMB9.2 million in FY2025. The decline of RMB11.2 million due to the model change completely offset the revenue increases from both property sales support services and vendor sourcing and management services within the operational support services. Revenue from commercial operation services increased slightly from RMB4.3 million for 1H2025 to RMB4.5 million for 1H2026, primarily attributable to the increase in entrusted management services due to a new property entrusted to us for management in 1H2026.

The increase in entrusted management services contributed partially to the overall increase in revenue from operational support services, which increased from RMB6.1 million for 1H2025 to RMB7.9 million for 1H2026. Revenue from property sales support services also increased significantly from RMB0.5 million for 1H2025 to RMB3.1 million for 1H2026, primarily attributable to the increase in property sales support services provided to our Parent Group and Independent Third Parties developers in respect of properties under development that are being marketed for sales during 1H2026.

The aforesaid increases were partially offset by a decrease in revenue from vendor sourcing and management services from RMB1.3 million for 1H2025 to RMB0.3 million for 1H2026, primarily because such services are provided on a demand-driven basis and demand from customers decreased during the period.

FINANCIAL INFORMATION

By Geographic Region

The following tables set forth breakdown by geographic region of the revenue from our services for the year/period indicated:

	FY2024		FY2025		1H2025		1H2026	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	RMB'000		RMB'000		RMB'000		RMB'000	
	(unaudited)							
Zhejiang Province	70,641	98.5	77,429	97.2	35,660	98.3	37,906	94.2
— Jinhua-Yiwu area	54,679	76.3	59,732	75.0	26,984	74.3	30,093	74.8
Hebei Province	1,042	1.5	1,470	1.8	635	1.7	745	1.9
Guangdong Province	—	—	773	1.0	—	0.0	1,481	3.7
Hunan Province	—	—	—	—	—	—	92	0.2
Total	<u>71,683</u>	<u>100.0</u>	<u>79,672</u>	<u>100.0</u>	<u>36,295</u>	<u>100.0</u>	<u>40,224</u>	<u>100.0</u>

During the Track Record Period, over 94.0% of our revenue was generated from Zhejiang Province, reflecting our strategic focus on this region. In particular, Yiwu City, recognised as the world’s largest small commodity market, has fostered vibrant trading activities that drive sustained demand for high-quality supporting services in surrounding industrial parks. Leveraging this favourable environment, we have established a strong market presence. We expanded our footprint to other key regions, including Guangdong Province and Hunan Province in 2025. During the FY2025, the revenue generated in Guangdong Province and Hunan Province was primarily derived from property sales support services. These services were provided to the property developer in respect of an industrial park project in Guangdong for which we had been engaged but where property management services had not yet commenced. We assisted the developers in the sales process by providing preliminary business planning support, marketing assistance, back-end support for property viewings, and facilitating property handover procedures.

By Source of Projects

During the Track Record Period, we managed properties developed by our Parent Group and Independent Third Parties developers. The following tables set forth breakdowns of our revenue, GFA under our management and number of projects under our management by source of projects for the year/period indicated:

	FY2024				FY2025				1H2025				1H2026			
	Revenue	%	GFA under management ⁽¹⁾	Number of projects under management ⁽¹⁾	Revenue	%	GFA under management ⁽¹⁾	Number of projects under management ⁽¹⁾	Revenue	%	GFA under management ⁽¹⁾	Number of projects under management ⁽¹⁾	Revenue	%	GFA under management ⁽¹⁾	Number of projects under management ⁽¹⁾
	RMB'000		sq.m. '000		RMB'000		sq.m. '000		RMB'000		sq.m. '000		RMB'000		sq.m. '000	
Property management service projects sourced from																
— Our Parent Group ⁽²⁾	55,939	78.0	1,768	12	50,748	63.7	1,768	12	24,604	67.8	1,768	12	25,350	63.0	1,768	12
— Independent Third Parties	15,744	22.0	2,022	11	28,924	36.3	2,662	13	11,691	32.2	2,207	12	14,874	37.0	1,938	10
Total	<u>71,683</u>	<u>100.0</u>	<u>3,790</u>	<u>23</u>	<u>79,672</u>	<u>100.0</u>	<u>4,430</u>	<u>25</u>	<u>36,295</u>	<u>100</u>	<u>3,975</u>	<u>24</u>	<u>40,224</u>	<u>100</u>	<u>3,706</u>	<u>22</u>

Notes:

- Both GFA under management and number of projects under management refer to projects which we provide basic property management services and exclude projects which we are engaged to provide value-added services only.
- Refer to projects developed by Zhejiang Panglong, its subsidiaries and associates.

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The above breakdowns categorise GFA under our management and revenue by the source of the projects, distinguishing between those secured through our Parent Group and those obtained from Independent Third Parties, irrespective of who the customers are. During the Track Record Period, we secured projects from both our Parent Group and Independent Third Parties. The growth in our property management services is mainly driven by projects secured from Independent Third Parties which recorded an increase by two projects and a significant increase in GFA under management by 31.7% from 2.0 million sq.m. for FY2024 to 2.6 million sq.m. in the same period in 2025, resulting in a substantial increase in revenue from RMB15.7 million for FY2024 to RMB28.9 million in 2025, representing a robust growth of 83.7%. The proportion of revenue from projects developed by Independent Third Parties increased correspondingly from 22.0% for FY2024 to 36.3% for the same period in 2025. While the number of projects sourced from the Parent Group remained consistent at 12 for FY2024 and FY2025, revenue generated from these projects decreased from RMB55.9 million to RMB50.7 million during the corresponding periods. The decline was attributed to a combination of factors: (i) a substantial decrease in revenue from commercial operation services under operational support services, as we substantially ceased the sublease model and no longer recognised rental proceeds from properties owned by Parent Group; and partially offset by (ii) a rise in park ancillary services; and (iii) the service fees charged for property sales support services within our operational support services.

During FY2024, FY2025, 1H2025 and 1H2026, despite a decrease in both the GFA under management and the number of property management projects sourced from Independent Third Parties, revenue from property management services sourced from Independent Third Parties increased by RMB3.2 million in 1H2026 and remained the principal driver of the Group’s overall revenue growth of RMB3.9 million in 1H2026. Such increase was primarily attributable to (i) the increase in the average monthly property management fee per sq.m. previously discussed; and (ii) the increase in revenue from value-added services, primarily driven by higher property sales support service income generated from properties under development by the Parent Group as well as Independent Third Parties that are being marketed for sale during 1H2026.

By Type of Customers

The following table sets forth a breakdown of our revenue by type of customers for the year/period indicated:

	FY2024		FY2025		1H2025		1H2026	
	Revenue	%	Revenue	%	Revenue	%	Revenue	%
	RMB'000		RMB'000		RMB'000		RMB'000	
	(unaudited)							
Our Parent Group ^{Note}	7,448	10.4	21,369	26.8	9,771	26.9	11,604	28.8
Independent Third Parties	64,235	89.6	58,303	73.2	26,524	73.1	28,620	71.2
Total	71,683	100.0	79,672	100.0	36,295	100.0	40,224	100.0

Note: Refer to Zhejiang Panglong, its subsidiaries and associates.

During the Track Record Period, our customer base primarily consisted of property developers, owners, tenants, occupants and value-added service partners. Historically, the majority of our revenue was derived from independent third-party customers. However, our revenue from these independent customers decreased from RMB64.2 million in FY2024 to RMB58.3 million in FY2025. This decline was primarily driven by a strategic shift in our business model of commercial operation services from a sublease model to the entrusted management service model.

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In FY2024, the Group’s arrangements under the sublease model were predominantly operating leases, under which we acted as the master tenant, receiving full rental payments directly from end-tenants and recognising that entire stream as revenue. Under the new entrusted management service model, we charge a service fee for managing their properties. This fundamental change means we no longer book the full rental value from independent tenants, but instead record a significantly smaller, service fee from the property owners, which include our Parent Group.

This model transition has also altered the internal composition of our revenue. Notably, nine entrusted management service contracts involve properties sourced from our Parent Group. As a result, we recognised increased service fee revenue from our Parent Group for the entrusted management services for FY2025. Simultaneously, we have ceased recognising any rental proceeds from independent tenants occupying properties owned by our property owners, as those leases are now direct service agreements between us and the properties owners. Therefore, the observed revenue shift reflects both the structural change from rental income to service fees and a realignment in revenue sources between independent tenants and Parent Group.

With the impact of the Group’s business model transition largely subsiding by 2025 and 2026, the proportion of the Group’s revenue ultimately generated from our Parent Group remained relatively stable at approximately 26.9% and 28.8% for 1H2025 and 1H2026, respectively. Accordingly, revenue ultimately generated from Independent Third Parties customers consistently accounted for over 70% of the Group’s total revenue during the corresponding periods.

Cost of Sales

Our cost of sales mainly consists of (i) staff costs; (ii) subcontracting costs; (iii) rental costs; (iv) equipment maintenance expenses; (v) depreciation expenses; and (vi) other expenses. The table below sets forth a breakdown of our cost of sales for the year/period indicated:

	FY2024		FY2025		1H2025		1H2026	
	cost of sales	%	cost of sales	%	cost of sales	%	cost of sales	%
	RMB'000		RMB'000		RMB'000		RMB'000	
	<i>(unaudited)</i>							
Staff costs	22,152	48.5	15,219	37.0	7,904	36.4	7,396	38.8
Subcontracting costs	4,998	10.9	16,631	40.4	8,224	37.9	7,271	38.1
Rental costs	13,409	29.4	2,535	6.2	2,214	10.2	170	0.9
Upkeep and maintenance	3,292	7.2	3,398	8.3	1,656	7.6	1,833	9.6
Depreciation	1,052	2.3	1,077	2.6	568	2.6	540	2.8
Professional fee	—	—	848	2.1	—	0.0	207	1.1
Others	756	1.7	1,414	3.4	1,145	5.3	1,661	8.7
Total	45,659	100.0	41,122	100.0	21,711	100.0	19,078	100.0

Our staff costs represent expenses relating to salaries and benefits paid to our staff engaged in property management services. Staff costs decreased from RMB22.2 million in FY2024 to RMB15.2 million in FY2025, reflecting our ongoing efforts to optimise our operating model and allocate resources more efficiently. As part of this optimisation, certain on-site, labour-intensive project-based functions such as security, cleaning and waste management were shifted to qualified external service providers, leading to a corresponding increase in subcontracting costs from RMB5.0 million in FY2024 to RMB16.6 million in FY2025, which represent fees paid for outsourced personnel services. This

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approach enhances our operational flexibility, enabling us to align manpower more effectively with project requirements. For details of the subcontracting arrangement, please see “Business — Our Suppliers and Subcontractors — Management of Subcontractors”.

The combined amount of staff costs and subcontracting costs increased from RMB27.2 million in FY2024 to RMB31.9 million in FY2025. This increase was primarily attributable to the expansion of our business operations and the growth in the number of property management projects undertaken during the year. Following the termination of three property management projects in the second half of 2025 and the commencement of one new property management project, the number of property management projects under management decreased from 24 for 1H2025 to 22 for 1H2026. As the Group ceased to provide property management services for the terminated projects, the related staffing and subcontracting requirements were correspondingly reduced, resulting in a decrease in the aggregate staff costs and subcontracting costs from RMB16.1 million for 1H2025 to RMB14.7 million for 1H2026.

Our rental costs decreased significantly from RMB13.4 million in FY2024 to RMB2.5 million in FY2025, primarily due to the transition of the commercial operation service model. Under the new entrusted management service model implemented in 2025, the Group is no longer required to bear rental costs to the same extent as under the sublease model. The remaining RMB2.5 million mainly represented rental expenses associated with the two contracts that continued to operate under the sublease model. As only one contract under the sublease model remained in the first half of 2026, the rental costs further decreased to RMB0.2 million in 1H2026 compared to RMB2.2 million in 1H2025.

Gross Profit and Gross Profit Margin

During the Track Record Period, our overall gross profit was RMB26.0 million, RMB38.6 million, RMB14.6 million and RMB21.1 million for FY2024, FY2025, 1H2025 and 1H2026, respectively and the corresponding gross profit margins were 36.3%, 48.4%, 40.2% and 52.6%.

The following table sets forth the breakdown of gross profit by type of services and their respective gross profit margin for the year/period indicated:

	FY2024		FY2025		1H2025		1H2026	
	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)	Gross profit	Gross margin (%)
	RMB'000		RMB'000		RMB'000		RMB'000	
	(unaudited)							
Basic property management services	16,170	38.0	22,092	41.4	9,466	36.8	11,737	42.8
Value-added services	9,854	33.8	16,458	62.6	5,118	48.4	9,409	73.7
— Operational support services	5,184	23.0	9,277	55.5	2,159	35.3	5,762	72.9
— Commercial operation services	3,128	15.3	3,789	41.1	489	11.5	3,269	72.2
— Sublease	3,128	15.3	(1,196)	(89.1)	(1,779)	(409.9)	279	69.9
— Entrusted management	—	—	4,985	63.3	2,268	59.4	2,990	72.4
— Property sales support	—	—	2,793	58.2	350	64.6	2,219	71.6
— Vendor sourcing and management	2,056	100.0	2,695	100.0	1,320	100.0	274	100.0
— Park ancillary services	1,388	41.1	2,607	52.3	927	38.2	1,548	55.8
— Energy-related services	3,282	100.0	4,574	100.0	2,032	100.0	2,099	100.0
Total	26,024	36.3	38,550	48.4	14,584	40.2	21,146	52.6

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Our gross profit increased significantly from RMB26.0 million in FY2024 to RMB38.6 million in FY2025. The increase of RMB12.6 million, or 48.5%, was driven by both our basic property management services and value-added services, which recorded gross profit growth of RMB5.9 million and RMB6.6 million, respectively. The growth in gross profit from property management services was primarily attributable to the increase in the number of projects, GFA under management and the enhanced operational efficiency.

The increase in gross profit from value-added services was mainly driven by (i) an increase of RMB4.1 million from operational support services, which was in turn attributable to (a) gross profit of RMB2.8 million generated from property sales support services following the commencement of such services and the securing of relevant contracts in FY2025, and (b) an increase of RMB0.7 million resulting from the transition to the entrusted management service model, partially offset by losses incurred from subleasing operations largely as a result of economic downturn; and (ii) an increase of RMB1.2 million from park ancillary services, driven by the expansion of such services to a greater number of projects under management.

Our gross profit margin increased by 12.1 percentage points, from 36.3% in FY2024 to 48.4% in FY2025, primarily attributable to the improvement in the profitability of our value-added services. In particular, the gross profit margin of our operational support services increased significantly from 23.0% in FY2024 to 55.5% in FY2025, representing an increase of 32.5 percentage points, largely due to the substantial transition from the subleasing model to the entrusted management service model.

Under the entrusted management service model, the Group recognises service revenue on a net basis, resulting in a higher gross profit margin. In contrast, under the subleasing model, revenue was recognised on a gross basis based on the full rental proceeds from tenants, which led to comparatively lower gross profit margins. High gross margin arises in vendor sourcing and management services and energy-related services because these businesses are primarily service-based and agency-like in nature, where our Group earns commission or profit-sharing income without directly incurring the underlying service delivery costs, which are borne by vendors or energy partners. In addition, our energy-related services also include arrangements accounted for as finance leases, under which finance income is recognised over time, and no corresponding cost of sales is recognised. The overall improvement was partially offset by a loss-making subleasing contract which was terminated in August 2025 because the rental income generated from subleasing the premises was insufficient to cover the corresponding lease costs incurred by us.

Our gross profit increased from RMB14.6 million for 1H2025 to RMB21.1 million for 1H2026, representing an increase of RMB6.5 million, or 44.5%. Such increase was driven by both our basic property management services and value-added services, which recorded increases in gross profit of RMB2.3 million and RMB4.3 million, respectively.

The increase in gross profit from basic property management services was primarily attributable to (i) the increase in the average monthly property management fee per sq.m.; and (ii) the termination of less profitable projects, which together contributed to an increase in the gross profit margin from 36.8% for 1H2025 to 42.8% for 1H2026.

The increase in gross profit from value-added services was primarily attributable to the significant increase in revenue from property sales support services, which recorded a gross profit margin of 71.6%, as well as the termination of one loss-making sublease contract in August 2025, which reduced the losses incurred under the sublease contract and enabled the sublease business to return to profitability.

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during 1H2026, thereby contributing to a significant increase in the gross profit margin of value-added services from 48.4% for 1H2025 to 73.7% for 1H2026. As a result of the above, our gross profit margin increased to 52.6% in 1H2026 from 40.2% in 1H2025.

The following table sets forth the breakdown of gross profit by source of projects for the year/period indicated:

	FY2024			FY2025			1H2025			1H2026		
	RMB'000	%	Gross profit margin (%)	RMB'000	%	Gross profit margin (%)	RMB'000	%	Gross profit margin (%)	RMB'000	%	Gross profit margin (%)
Our Parent Group	23,841	91.6	42.6	31,350	81.3	61.8	14,146	97.0	57.5	15,687	74.2	61.9
Independent third parties	2,183	8.4	13.9	7,200	18.7	24.9	438	3.0	3.7	5,459	25.8	36.7
	<u>26,024</u>	<u>100.0</u>	<u>36.3</u>	<u>38,550</u>	<u>100.0</u>	<u>48.4</u>	<u>14,584</u>	<u>100.0</u>	<u>40.2</u>	<u>21,146</u>	<u>100.0</u>	<u>52.6</u>

While the share of the Group’s revenue generated from projects sourced from Independent Third Parties has increased over the Track Record Period, from 22.0% in FY2024 to 37.0% in 1H2026, their contribution to gross profit has remained proportionately lower. Projects sourced from our Parent Group accounted for approximately 91.6%, 81.3% and 74.2% of the Group’s gross profit for FY2024, FY2025 and 1H2026, respectively, demonstrating a decreasing trend in the Group’s reliance on projects sourced from our Parent Group for gross profit contribution. This was primarily attributable to the higher profitability of both basic property management services and value-added services for projects sourced from our Parent Group during FY2024 and FY2025. The specific projects sourced from independent third parties discussed under the subsection headed “Revenue — Basic Property Management Services” in this section recorded lower average monthly property management fees.

In addition, value-added services were primarily provided to projects sourced from our Parent Group, where the Group is able to leverage established relationships and a strong understanding of the Parent Group’s operational requirements, enabling more efficient service delivery. In contrast, projects sourced from independent third parties often require coordination with multiple external suppliers or service providers, which may reduce the Group’s operational flexibility and limit its ability to provide value-added services.

Furthermore, the loss-making subleasing contract was sourced from an independent third party, which further adversely affected the overall profitability of projects sourced from independent third party in both 2024 and 2025. Following the termination of the loss-making sublease contract, together with the increase in the average monthly property management fee per sq.m. and the termination of less profitable projects, the profitability of projects sourced from Independent Third Parties improved significantly during 1H2026. As a result, gross profit generated from such projects increased from RMB0.4 million for 1H2025 to RMB5.5 million for 1H2026, reflecting the Group’s strategic efforts to improve the profitability of projects sourced from Independent Third Parties.

Despite this, the gross profit contribution from Independent Third Parties projects has been rising steadily, from 8.4% in FY2024 to 18.7% in FY2025 and further to 25.8% (with the corresponding gross profit margin improving from 13.9% to 24.9% and further to 36.7%) in 1H2026, reflecting the Group’s improving operational capability in serving external clients. This trend indicates that, over time, Independent Third Parties projects are contributing more meaningfully to gross profit, supporting the Group’s strategy to diversify its client base and reduce reliance on the Parent Group while maintaining profitability.

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Other Income and Gains

	FY2024		FY2025		1H2025		1H2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>							
Other income								
Bank interest income	12	0.2	6	0.1	4	0.4	28	13.0
Government grants	216	4.9	—	—	—	—	—	—
Others	20	0.5	163	2.6	32	3.2	187	87.0
	<u>248</u>	<u>5.6</u>	<u>169</u>	<u>2.7</u>	<u>36</u>	<u>3.6</u>	<u>215</u>	<u>100.0</u>
Gains								
Gain on derecognition of investment properties	1,795	40.7	1,825	29.0	979	96.4	—	—
Gain on early termination of lease arrangements	2,368	53.7	4,293	68.3	—	—	—	—
Total	<u>4,411</u>	<u>100.0</u>	<u>6,287</u>	<u>100.0</u>	<u>1,015</u>	<u>100.0</u>	<u>215</u>	<u>100.0</u>

Other income and gains increased significantly from RMB4.4 million in 2024 to RMB6.3 million in 2025. The increase was mainly attributable to a gain recognised upon the early termination of a contract under our commercial operation services. When the contract ended, investment properties, net investment in lease and lease liabilities were required to be derecognised in accordance with applicable accounting standards, resulting in a non-recurring accounting gain. There is no such one-off gain recorded in 2026, thereby significant reducing the other income and gains to RMB0.2 million in 1H2026.

Government grants of RMB0.2 million for FY2024, mainly represent incentives received from the local government in connection with certain financial support to local business enterprises. There are no unfulfilled conditions or contingencies relating to these grants.

Selling and Distribution Expenses

Selling and distribution expenses increased significantly from RMB0.4 million in 2024 to RMB2.0 million in 2025. The increase was primarily attributable to higher staff cost incurred, which rose by RMB1.2 million, reflecting the expansion of our marketing team to support the growth of our value-added services. Our selling and distribution expenses decreased from RMB0.9 million for 1H2025 to RMB0.5 million for 1H2026 because the relevant expenses were recognised as cost of sales following the successful acquisition and commencement of value-added services.

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Administrative Expenses

	FY2024		FY2025		1H2025		1H2026	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	<i>(unaudited)</i>							
Staff costs	5,551	51.2	5,706	36.5	2,808	49.8	4,273	49.4
Depreciation & amortisation	883	8.1	1,008	6.4	542	9.6	533	6.2
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Consulting fee	371	3.4	477	3.1	221	3.9	1,130	13.1
Business development expenses	524	4.8	149	1.0	98	1.8	98	1.1
Office expenses	1,242	11.5	1,312	8.4	290	5.1	589	6.8
Others	955	8.8	665	4.3	205	3.6	207	2.4
Total	10,854	100.0	15,610	100.0	5,645	100.0	8,643	100.0

Our administrative expenses increased significantly by 43.1% from RMB10.9 million in FY2024 to RMB15.6 million in the corresponding period in FY2025, which was mainly contributed by the [REDACTED] which was incurred in the preparation of the [REDACTED]. Our administrative expenses further increased from RMB5.6 million for 1H2025 to RMB8.6 million for 1H2026, primarily attributable to the increase in staff costs.

Reversals of Loss Allowance/(Impairment Losses) on Financial Instruments, Net

Our reversals of loss allowance on financial assets for FY2024 is RMB0.4 million, and for FY2025, our impairment losses on financial assets is RMB1.3 million comprising impairment of trade receivables of RMB3.6 million and partially offset by the remeasurement of financial guarantee contracts of RMB2.3 million. During 1H2025 and 1H2026, we recorded impairment losses on financial assets of RMB4.3 million and RMB2.2 million, respectively, comprising mainly of impairment losses on trade receivables. For details, please see analysis on trade receivables in this section below.

Finance Costs

Finance costs decreased from RMB7.0 million in FY2024 to RMB3.7 million in the corresponding period in FY2025 as a result of the repayment of bank borrowings in 2025. Finance costs reduced to RMB0.4 million for 1H2026.

Income Tax Expenses

Our income tax expense comprises PRC corporate income tax.

For FY2024, FY2025 and 1H2026, our income tax expense was RMB4.7 million, RMB5.7 million and RMB1.8 million, respectively. The following table sets forth a breakdown of our income tax expenses for the year/period indicated:

	FY2024	FY2025	1H2025	1H2026
	RMB'000	RMB'000	RMB'000	RMB'000
	<i>(unaudited)</i>			
Current tax	4,484	5,751	2,875	2,260
Deferred tax	220	(66)	(1,637)	(432)
Total	4,704	5,685	1,238	1,828

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According to the applicable PRC tax regulations, the general corporate income tax rate in the PRC is 25% and most our PRC entities had been subject to the statutory enterprise income tax rate during the Track Record Period.

Our effective tax rate, representing income tax expense divided by profit before income tax, was 37.3%, 26.3%, 67.7% and 19.4% for FY2024, FY2025, 1H2025 and 1H2026, respectively. Our income tax expense for each year/period can be reconciled to the profit before income tax as follows:

	FY2024	FY2025	1H2025	1H2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>	
Profit/(loss) before income tax	12,600	21,622	1,828	9,420
Tax calculated at a tax rate of 25%	3,150	5,406	457	2,355
Effect of different tax rates	(215)	(236)	109	(439)
Tax losses not recognised	63	29	36	—
Tax losses utilized from previous periods	—	(49)	(9)	(6)
Expenses not deductible for tax purposes	1,706	535	645	(82)
Tax charges at the Group's effective tax rate	4,704	5,685	1,238	1,828

In 2024, the effective income tax rate was higher than 25% was mainly due to certain expenses not deductible for tax purposes. In 2025, the effective tax rate was 26.3%, slightly higher than 25% mainly because certain expenses are not deductible for tax purposes. In 1H2026, our effective tax rate was lower than 25% primarily because certain of our subsidiaries were qualified as small and micro enterprises and subject to a preferential income tax rate of 5%.

Profit for the Year/Period

As a result of the foregoing, we recorded a net profit of RMB15.9 million for FY2025 from net profit of RMB7.9 million for FY2024. Our net profit for 1H2026 increased significantly to RMB7.6 million from RMB0.6 million for 1H2025.

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DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	6,658	4,722	4,133
Investment properties	21,648	511	393
Right-of-use assets	75	315	427
Net investment in leases	34,682	24,167	26,022
Intangible assets	317	492	712
Investments in an associate	—	135	62
Prepayments, other receivables and other assets	760	689	995
Deferred tax assets	5	58	43
Total non-current assets	64,145	31,089	32,787
CURRENT ASSETS			
Trade receivables	18,874	22,368	25,771
Net investment in leases	6,432	7,150	5,641
Prepayments, other receivables and other assets	174,350	44,320	44,779
Restricted bank deposits	5,524	657	752
Cash and cash equivalents	8,931	15,211	16,877
Total current assets	214,111	89,706	93,820
CURRENT LIABILITIES			
Trade payables	4,413	7,866	3,795
Other payables and accruals	105,270	35,257	37,617
Interest-bearing bank borrowings	5,119	—	—
Lease liabilities	10,357	3,830	3,179
Tax payable	9,189	3,722	3,767
Total current liabilities	134,348	50,675	48,358
NET CURRENT ASSETS	79,763	39,031	45,462

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	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	80,000	—	—
Lease liabilities	39,501	12,067	13,051
Deferred tax liabilities	3,022	3,009	2,562
Total non-current liabilities	122,523	15,076	15,613
 Net assets	 21,385	 55,044	 62,636
EQUITY			
Equity attributable to owners of the parent			
Share capital	3,000	36,000	36,000
Reserves	18,553	18,662	25,704
	21,553	54,662	61,704
Non-controlling interests	(168)	382	932
Total equity	21,385	55,044	62,636

Property, Plant and Equipment

Our property, plant and equipment primarily consist of electronics and office equipment, motor vehicles and leasehold improvements. Our property, plant and equipment decreased from RMB6.7 million as at 31 December 2024 to RMB4.7 million as at 31 December 2025 and further to RMB4.1 million as at 30 June 2026 largely as a result of depreciation.

Investment Properties

Our investment properties mainly comprise subleases that are classified as operating leases, under which the lease terms granted to tenants do not cover substantially all of the remaining lease terms of the corresponding head leases. Accordingly, we retain substantially all the risks and rewards incidental to the right of use of the underlying properties. As at 31 December 2024 and 2025, our investment properties primarily consisted of factory and office buildings and apartments in the industrial parks managed by the Group, as well as certain retail stores and office premises in commercial properties in the PRC, which are held to earn income and subleased by the Group to third parties under operating leases. In 2024, the Group recorded additions of RMB66.5 million to investment properties, representing the initial recognition of several sublease arrangements as part of its expansion of industrial park operations under the sublease model.

During 2024, one sublease project subsequently became loss-making. As a result, to mitigate business risk, particularly in less favourable market conditions, we made the strategic decision to substantially discontinue our sublease model at the end of 2024. Under this new arrangement, the Group ceased to hold the leasehold interests and no longer recognises the underlying properties as investment properties, and instead earns entrusted management service fees without exposure to lease-related risks, such as the risk of vacancy losses or rental shortfalls. Accordingly, the relevant investment properties were derecognised, resulting in the RMB42.4 million disposals recorded in the same year.

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The carrying amount of investment properties further decreased substantially from RMB21.6 million as at 31 December 2024 to RMB0.5 million as at 31 December 2025. The significant reduction was primarily due to the early termination of a major head lease associated with one of the properties under the sublease model in August 2025, which resulted in the derecognition of the related investment property balance. The decision to early terminate the lease was driven by the project’s sustained unprofitability, as the rental income generated was insufficient to cover the corresponding rental obligations payable by the Group to its client. The Company proactively engaged with the landlord and negotiated an early termination of the lease agreement. This outcome allowed the Group to cease further financial losses associated with the project and mitigate future downside exposure. As the Group continues transitioning from the sublease model to the entrusted management service model, only one contract associated with the sublease model remained as at 31 December 2025. Investment properties further decreased to RMB0.4 million as at 30 June 2026 as a result of depreciation and disposal.

Right-of-use Assets

Our right-of-use assets mainly refer to lease contracts for employee apartments and office premises used in its operation.

Net Investment in Leases

Our net investment in leases mainly comprises subleases that are classified as finance leases, under which the lease terms granted to tenants cover substantially all of the remaining lease terms of the corresponding head leases. Where a sublease is classified as a finance lease, the Group is regarded as having transferred substantially all the risks and rewards incidental to the right of use of the underlying property to the tenants.

As at 31 December 2024 and 2025, our net investment in leases primarily represented leased rooftop areas in certain industrial parks managed by the Group, which were leased from property owners and subleased under finance lease arrangements for energy-related services, as well as certain retail stores and office premises in commercial properties in the PRC held under finance subleasing arrangements to earn rental income.

Net investment in leases (including both current and non-current portion) decreased from RMB41.1 million as at 31 December 2024 to RMB31.3 million as at 31 December 2025, primarily because the Group substantially ceased its subleasing arrangements towards the end of 2024. The remaining balance as at 31 December 2025 mainly comprised leased rooftops for energy-related services and finance lease subleases relating to the one project that continued to operate under the subleasing model in 2025. Net investment in leases remained stable at RMB31.7 million as at 30 June 2026.

Trade Receivables

Our trade receivables, net of allowance for impairment, amounted to RMB18.9 million, RMB22.4 million and RMB25.8 million as at 31 December 2024 and 2025 and 30 June 2026, respectively. The increase in gross trade receivables before impairment was primarily attributable to: (i) the growth in our revenue; and (ii) a decline in property fee collection rates due to broader market and economic conditions.

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The following table sets forth a breakdown of our trade receivables as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Trade receivables	19,967	27,014	32,573
— Related parties	5,084	5,827	6,265
— Independent third parties	14,883	21,187	26,308
Less: allowance for impairment of trade receivables	(1,093)	(4,646)	(6,802)
Trade receivables — net	18,874	22,368	25,771

An impairment analysis is performed at each reporting date using a provision matrix based on customer credit risk, and our historical credit loss experience, to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss. Allowance for impairment of trade receivables increased significantly from RMB1.1 million as at 31 December 2024 to RMB4.6 million as at 31 December 2025 and further to RMB6.8 million as at 30 June 2026, which was due to (i) defaulted receivables from certain customers in Zhezong Jicheng International Smart Beauty Valley Industrial Park of RMB2.7 million as at 31 December 2025 and RMB3.3 million as at 30 June 2026 (for details, please see subsection headed “*Trade Receivables Turnover Days*”); and (ii) based on its ageing analysis, the trade receivable that was overdue for more than 1 year but within two years also increased significantly from RMB0.3 million as at 31 December 2024 to RMB1.3 million as at 31 December 2025 and further to RMB3.0 million as at 30 June 2026 and the expected credit loss rate was high at 63.99% as at 31 December 2025 and 65.56% as at 30 June 2026. In determining the recoverability of trade receivables from the property management services, we take into consideration a number of indicators, including subsequent settlement status, historical write-off experience and management fee collection rate of the customers, in estimating the future cash flow from the receivables.

As at the Latest Practicable Date, RMB8.5 million, or 26.3%, of our trade receivables before deduction of allowance for impairment of trade receivables as at 30 June 2026 were subsequently settled. As at the Latest Practicable Date, RMB3.8 million, or 61.2%, of our trade receivables before deduction of allowance for impairment of trade receivables from related parties as at 30 June 2026 were subsequently settled. As at the Latest Practicable Date, RMB4.7 million, or 18.0%, of our trade receivables before deduction of allowance for impairment of trade receivables from third parties as at 30 June 2026 were subsequently settled.

The following table sets forth an ageing analysis of our gross trade receivables based on the invoice date as at the date indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Within 1 year	19,643	22,964	25,959
1 to 2 years	302	1,280	3,014
Over 2 years	22	83	279
Defaulted receivables	—	2,687	3,321
	<u>19,967</u>	<u>27,014</u>	<u>32,573</u>

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Our trade receivables aged within one year increased from RMB19.6 million as at 31 December 2024 to RMB23.0 million as at 31 December 2025 and further to RMB26.0 million as at 30 June 2026. Our trade receivables aged between one to two years increased significantly from RMB0.3 million as at 31 December 2024 to RMB1.3 million as at 31 December 2025, primarily due to certain customers delaying settlement of invoices. Such balance increased to RMB3.0 million as at 30 June 2026 because of the timing of collection and settlement and the relatively longer internal settlement process of certain state-owned enterprise customers. Our trade receivables aging over two years remained low at approximately RMB22,000 as at 31 December 2024, RMB83,000 as at 31 December 2025 and RMB0.3 million as at 30 June 2026, representing less than 1.0% of our total trade receivables.

In determining the recoverability of trade receivables from the property management and value-added services, we have conducted an impairment assessment for our trade receivables. We use a provision matrix to calculate the expected credit losses (the “ECL”) for trade receivables, trade receivables have been grouped based on shared credit risk characteristics and ageing periods. The ECL for trade receivables is based on its historical credit loss experience, adjusted for forwarding looking factors specific to the debtors and the economic environment. In addition to the ECL assessment, the Group has implemented a series of measures to stabilise and accelerate the collection of trade receivables. These measures include closely monitoring overdue accounts, maintaining regular communication with customers to follow up on pending payments, coordinating with developers-including the Parent Group, where relevant, to resolve any operational or delivery-related issues affecting settlements, and establishing clear payment schedules with customers. The Group also regularly reviews the collectability of receivables and updates impairment provisions as appropriate to ensure that the financial statements reflect recoverable amounts. Given our diligent credit assessments, continuous monitoring, proactive follow-ups as mentioned above, we confirm provision was adequate and we do not expect to experience any material issue in the recoverability of our trade receivables in the foreseeable future.

Trade Receivables Turnover Days

The following table sets forth the average turnover days of our trade receivables for the year indicated:

	FY2024	FY2025	1H2026
Trade receivables turnover days	84	113	136
Trade receivables turnover days for related parties	170	93	93
Trade receivables for independent third parties	59	108	153

Note: The trade receivables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade receivables in that year/period by revenue for the corresponding year/period and then multiplying by the number of days in that year or period (i.e., 365 days for FY2024 and FY2025 and 183 days for 1H2026).

Our average trade receivables turnover days increased significantly from 84 days to 113 days. This deterioration was primarily attributable to a material lengthening in the collection period from independent third-party customers, which extended from 59 days for FY2024 to 108 days for FY2025 and further to 153 days for 1H2026. The lengthening of the trade receivables collection period from independent third parties was primarily attributable to several factors. In particular, one of the Group’s largest customers, a state-owned enterprise, which subcontracted property management services to the

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Group for four industrial park projects and accounted for around 40% and 30% of the Group’s net trade receivables as at 31 December 2025 and 30 June 2026, respectively, typically required a longer timeframe to complete its internal payment approval and settlement procedures.

Such extended settlement cycles are not uncommon for state-owned enterprises in the PRC, as payments are often subject to more stringent internal review, budgeting and approval processes. As a result, the collection period for receivables from such customers is generally longer compared to those from private sector customers.

In addition, certain customers in the Zhezhong Jicheng International Smart Beauty Valley Industrial Park (浙中吉成國際智享美谷產業園) experienced delays in settling their property management fees during the Track Record Period. These delays were primarily attributable to the delayed delivery of industrial park units by the developer, which is part of our Parent Group, and the customers were in the process of coordinating solutions with the developer, which affected the timing of their payments to the Group. As no settlement was reached during the Track Record Period, the relevant trade receivables of RMB2.7 million and RMB3.3 million were fully impaired as at 31 December 2025 and 30 June 2026.

The Group has implemented a series of measures to stabilise and accelerate the collection of trade receivables. These measures include closely monitoring overdue accounts, maintaining regular communication with customers to follow up on pending payments, coordinating with developers-including the Parent Group, where relevant, to resolve any operational or delivery-related issues affecting settlements, and establishing clear payment schedules with customers. The Group also regularly reviews the collectability of receivables and updates impairment provisions as appropriate to ensure that the financial statements reflect recoverable amounts.

Prepayments, Other Receivables and Other Assets

Below sets forth a breakdown of the prepayments, other receivables and other assets as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
<i>Current assets</i>			
Prepayments	208	380	193
Other current assets	236	—	2
Other receivables	173,463	41,510	41,550
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>174,350</u>	<u>44,320</u>	<u>44,779</u>
<i>Non-current assets</i>			
Other receivables	635	635	335
Advance payments for property, plant and equipment and intangible assets	<u>125</u>	<u>54</u>	<u>660</u>
Total	<u>760</u>	<u>689</u>	<u>995</u>

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Prepayments, other receivables and other assets mainly comprise other receivables from related parties, which are loan advances to related parties. Prepayments, other receivables and other assets decreased significantly from RMB174.4 million as at 31 December 2024 to RMB44.3 million as at 31 December 2025, primarily driven by the decrease in other receivables from RMB173.5 million to RMB41.5 million as a result of the settlement from related parties. The remaining non-trade balances with related parties will be settled prior to the [REDACTED]. The balance remained stable at RMB44.8 million as at 30 June 2026. As at the Latest Practicable Date, RMB0.5 million or 1.2% of our other receivables as at 31 December 2025 were subsequently settled.

Trade Payables

Trade payables mainly represent amount payable to suppliers and subcontractors. Our trade payables increased from RMB4.4 million as at 31 December 2024 to RMB7.9 million as at 31 December 2025. The increase in trade payables was mainly due to: (i) an increase in subcontracting costs as we outsourced some labour-intensive project-based functions to external service providers; and (ii) the commencement of operations in new industrial parks in 2025, which resulted in higher payables for cleaning and waste disposal services. Trade payables decreased to RMB3.8 million as at 30 June 2026 as a result of settlement made to our suppliers.

Trade Payables Turnover Days

The following table sets forth our trade payables turnover days for the year/period indicated:

	FY2024 <i>RMB'000</i>	FY2025 <i>RMB'000</i>	1H2026 <i>RMB'000</i>
Trade payables turnover days	<u>58</u>	<u>54</u>	<u>56</u>

Note: The trade payables turnover days are calculated by dividing the arithmetic mean of the opening and ending balance of trade payables in that year by cost of sales for the corresponding year and then multiplying by the number of days in that year or period (i.e., 365 days for FY2024 and FY2025 and 183 days for 1H2026).

The following table sets forth an ageing analysis of our trade payables based on the invoice date as at the date indicated:

	As at 31 December 2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	As at 30 June 2026 <i>RMB'000</i>
Within 1 year	1,743	5,071	3,788
Over 1 year	<u>2,670</u>	<u>2,795</u>	<u>7</u>
Total	<u>4,413</u>	<u>7,866</u>	<u>3,795</u>

As at the Latest Practicable Date, RMB1.8 million or 46.7% of our trade payables as at 31 December 2025 were subsequently settled.

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Other Payables and Accruals

The following table sets forth a breakdown of our other payables and accruals as at the date indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Other payables	70,347	9,919	16,955
Financial guarantee contract	10,300	—	—
Contract liabilities	5,191	8,166	6,342
Receipt in advance	5,767	463	291
Payroll payables	9,479	7,927	6,317
Other tax payables	3,445	2,489	2,225
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	<u>105,270</u>	<u>35,257</u>	<u>37,617</u>

Other payables is our largest component of other payables and accruals, representing approximately 66.8%, 28.1% and 45.1% of the total as at 31 December 2024, 2025 and 30 June 2026, respectively. The following table sets forth a further breakdown of other payables as at the date indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Amounts due to related companies	48,114	13	2,444
Deposits	5,871	6,236	6,020
Government subsidy	6,040	617	617
Utilities	7,197	988	541
Professional fee	1,694	—	—
Platform service fees	1,050	639	343
Receipt on behalf	—	—	5,000
Others	<u>381</u>	<u>1,426</u>	<u>1,990</u>
Total	<u>70,347</u>	<u>9,919</u>	<u>16,955</u>

In the Group's other payables, amounts due to related companies decreased significantly from approximately RMB48.1 million as at 31 December 2024 to approximately RMB13,000 following subsequent settlement during 2025. Amounts due to related companies represented unsecured, interest-free balances with related parties that were repayable on demand.

Government subsidy represents special funds received under the *Notice on Further Strengthening the Management of Affordable Rental Housing Construction* (Zhe Jian Bao Fa [2022] No. 97) and the *Nanxun District Interim Measures for the Management of Affordable Rental Housing Special Funds* (Xun Cai Zong [2022] No. 70), which are designated to support eligible construction, renovation, or acquisition of affordable rental housing. The balance declined significantly from RMB6.0 million in 2024 to RMB0.6 million in 2025 as at 31 December 2025 and as at 30 June 2026 due to the subsequent utilization of these funds for eligible project expenditures during the period. As the funds are strictly

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disbursed based on actual project costs incurred (e.g., construction and renovation outlays), the drawdown reflects the progression of the underlying affordable housing projects. The remaining balance of RMB0.6 million is reserved for future qualifying expenditures. Utilities, which mainly represented the collection of water and electricity charges on behalf of customers which, declined from RMB7.2 million as at 31 December 2024 to RMB1.0 million as at 31 December 2025 and RMB0.5 million as at 30 June 2026 after the Group discontinued such collection and pass-through arrangements to minimise administrative burden.

The decrease in other payables among other payable and accruals was largely offset by an increase in accrued [REDACTED], which rose from RMB[REDACTED] million in 2024 to RMB[REDACTED] million in 2025, reflecting the Group’s increased activities in preparing for its proposed [REDACTED].

In 2024, we provided financial guarantee to a related party in respect of its banking facilities. Under the guarantee, we were liable to compensate the bank for principal and interest in the event of a default. The banking facilities totalled RMB87.2 million, of which RMB58.0 million was utilised by the related party. In December 2025, the financial guarantee had been released. Remaining other payables with related parties will be settled prior to the [REDACTED].

As at the Latest Practicable Date, RMB3.7 million or 21.8% of our other payables as at 30 June 2026 were subsequently settled.

Other payables increased from RMB9.9 million as at 31 December 2025 to RMB17.0 million as at 30 June 2026, primarily due to an increase of RMB5.0 million receipts on behalf of an Independent Third Parties developer, representing intention deposits received from numerous potential purchasers on behalf of the developer in connection with the provision of our property sales support services.

Our contract liabilities mainly represent advances received from customers for property management services and our obligations to provide the contracted services. Our contract liabilities increased from RMB5.2 million as at 31 December 2024 and RMB8.2 million as at 31 December 2025 as a result of business expansion. Such balance decreased to RMB6.3 million as at 30 June 2026. As at 31 August 2026, RMB5.1 million or 81.0% of our contract liabilities had been recognised as revenue.

Lease Liabilities

We lease various properties in the PRC mainly for the provision of our commercial operation services under the sublease model and also for our offices. The following table sets forth a breakdown of our lease liabilities as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Lease liabilities			
— Current portion	10,357	3,830	3,179
— Non-current portion	<u>39,501</u>	<u>12,067</u>	<u>13,051</u>
Total	<u>49,858</u>	<u>15,897</u>	<u>16,230</u>

Our lease liabilities decreased substantially from RMB49.9 million as at 31 December 2024 to RMB15.9 million as at 31 December 2025 mainly as a result of the early termination of one of the sublease contracts under our commercial operation services, which resulted in derecognition of lease liabilities. Lease liabilities then remained stable at RMB16.2 million as at 30 June 2026.

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CURRENT ASSETS AND CURRENT LIABILITIES

The following table sets forth a breakdown of our current assets, current liabilities, and net current assets as at the dates indicated:

	As at 31 December		As at	As at
	2024	2025	30 June	31 July
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
<i>Current assets</i>				
Trade receivables	18,874	22,368	25,771	25,205
Net investment in leases	6,432	7,150	5,641	5,503
Prepayments, other receivables and other assets	174,350	44,320	44,779	44,416
Restricted bank deposits	5,524	657	752	752
Cash and cash equivalent	8,931	15,211	16,877	18,172
Total current assets	214,111	89,706	93,820	94,048
<i>Current liabilities</i>				
Trade payables	4,413	7,866	3,795	4,008
Other payables and accruals	105,270	35,257	37,617	38,550
Interest-bearing bank borrowings	5,119	—	—	—
Lease liabilities	10,357	3,830	3,179	3,260
Tax payable	9,189	3,722	3,767	2,371
Total current liabilities	134,348	50,675	48,358	48,189
Net current assets	79,763	39,031	45,462	45,859

Our net current assets decreased significantly from RMB79.8 million as at 31 December 2024 to RMB39.0 million as at 31 December 2025, which was primarily due to the decrease in other receivables upon subsequent settlement from related parties and the decrease in restricted bank deposits and cash and cash equivalent which was used to repay other payables with related parties and bank borrowings. As such, our total current liabilities also decreased significantly from RMB134.3 million as at 31 December 2024 to RMB50.7 million as at 31 December 2025 with the decrease in other payables and accruals and interest-bearing bank borrowings.

Our net current assets increased slightly from RMB39.0 million as at 31 December 2025 to RMB45.5 million as at 30 June 2026, which was mainly due to combined effect of (i) the increase in trade receivables; (ii) increase in cash and cash equivalents; (iii) the decrease in trade payables; and offset by (iv) the decrease in net investment in leases. Our net current assets remained stable at RMB45.9 million as at 31 July 2026.

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LIQUIDITY AND CAPITAL RESOURCES

Overview

We have historically funded our cash requirement principally from cash generated from our business operations. Subsequent to the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations, and the [REDACTED] from the [REDACTED]. We currently do not anticipate any changes to the availability of financing to fund our operations in the near future.

Cash Flows

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the year indicated:

	FY2024 RMB'000	FY2025 RMB'000	1H2026 RMB'000
Cash flows from operating activities			
Net cash generated from operating activities	30,972	2,176	4,466
Cash flows from investing activities			
Net cash (used in)/generated from investing activities	(94,862)	123,908	(1,510)
Cash flows from financing activities			
Net cash generated from/(used in) financing activities	69,686	(119,804)	(1,290)
Net increase in cash and cash equivalents	5,796	6,280	1,666
Cash and cash equivalents at beginning of the year/period	3,135	8,931	15,211
Cash and cash equivalents at the end of the year/period	8,931	15,211	16,877

Cash Flows in relation to Operating Activities

Net cash flow from operating activities mainly comprises fees received from the provision of our property management and commercial operation services. Our cash flow from operating activities mainly reflects (i) our profit before income tax adjusted for non-cash and non-operating items such as depreciation of property, plant and equipment and investment properties, depreciation of right-of-use assets, provision for impairment losses on financial assets and the net gain on disposal of investment properties; (ii) the effects of movements in working capital such as changes in trade receivables, prepayments, other receivables and other assets, trade payables and other payables and accruals and contract liabilities, restricted bank deposits; and (iii) income tax paid.

For 1H2026, our net cash flow from operating activities was RMB4.5 million. This represents our profit before income tax of RMB9.4 million, adjusted mainly by (i) net impairment losses on financial assets of RMB2.2 million; and (ii) depreciation of right-of-use assets. Changes in the working capital contributed to a cash outflow of RMB6.8 million, primarily consisting of the increase in trade receivables of RMB5.6 million and the decrease in trade payables of RMB4.1 million, partially offset by the increase in other payables and accruals of RMB2.4 million. We also paid income tax of RMB2.2 million for 1H2026.

For FY2025, our net cash flow from operating activities was merely RMB2.2 million. This represents our profit before income tax of RMB21.6 million, adjusted mainly by (i) provision of impairment loss on trade receivables of RMB3.6 million; (ii) depreciation of property, plant and equipment, right-of-use assets, and investment properties in an aggregate of RMB4.1 million; (iii)

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finance cost of RMB3.7 million, partially offset by remeasurement of financial guarantee contracts of RMB2.3 million, and gain on early termination of lease arrangement of RMB4.3 million. Changes in working capital contributed a cash outflow of RMB11.3 million, primarily consisting of decrease in other payables and accruals of RMB18.1 million and increase in trade receivables of RMB7.0 million, partially offset by decrease in prepayments, other receivables and other assets of RMB5.4 million, withdrawal in restricted bank deposits of RMB4.9 million and increase in trade payables of RMB3.5 million. We also paid income tax of RMB11.2 million for FY2025.

For FY2024, our net cash flow generated from operating activities was RMB31.0 million. This represents our profit before income tax of RMB12.6 million, adjusted mainly by (i) depreciation of investment properties of RMB13.4 million; (ii) finance costs of RMB7.0 million; (iii) depreciation of property, plant and equipment of RMB2.1 million, partially offset by gain on disposal of investment properties of RMB1.8 million and gain on early termination of lease arrangement of RMB2.4 million. Changes in working capital contributed a cash inflow of RMB1.0 million, primarily consisting of increase in other payables and accruals of RMB25.3 million, partially offset by increase in trade receivables of RMB5.4 million, placement in restricted bank deposits of RMB5.4 million, decrease in trade payables of RMB5.7 million, increase in prepayments, other receivables and other assets of RMB6.6 million.

Cash Flows in relation to Investing Activities

For 1H2026, we used RMB1.5 million in our investing activities, primarily consisting of RMB1.0 million purchases of intangible assets and RMB0.5 million purchases of items of property, plant and equipment.

For FY2025, we generated RMB123.9 million from investing activities, primarily consisting of repayment of loans to related parties of RMB165.8 million and advances of loans to related parties of RMB41.2 million.

For FY2024, we used RMB94.9 million in our investing activities, primarily consisting of (i) advances of loans to related parties of RMB139.9 million; (ii) repayment of loans to related parties of RMB46.9 million and (iii) purchase of items of property, plant and equipment of RMB1.7 million.

Cash Flows in relation to Financing Activities

For 1H2026, we used RMB1.3 million in our financing activities, primarily consisting of RMB0.8 million of payment of [REDACTED] and the principal portion of lease liabilities of RMB0.5 million.

For FY2025, we used RMB119.8 million in our financing activities, primarily consisting of repayment of bank borrowings of RMB85.0 million and repayment of related parties borrowings of RMB65.2 million, partially offset by proceeds from loans from related parties of RMB23.6 million, capital contribution by shareholders of RMB3.0 million and the RMB7.0 million proceeds from issuance of shares.

For FY2024, we generated RMB69.7 million from financing activities, primarily consisting of drawdown of new bank borrowings of RMB90.0 million, proceeds from loans from related parties of RMB35.2 million, partially offset by repayment of related parties' borrowings of RMB37.0 million, payment of principal portion of lease liabilities of RMB11.4 million, repayment of bank borrowings of RMB5.0 million and interest payment of RMB4.9 million.

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INDEBTEDNESS

Borrowings

The following table sets forth a breakdown of our indebtedness as at the dates indicated:

	As at 31 December		As at	As at
	2024	2025	30 June 2026	31 July 2026
	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)
Current liabilities				
— Interest-bearing bank borrowings	5,119	—	—	—
— Amounts due to related parties (non-trade nature)	41,611	13	—	—
— Lease liabilities	<u>10,357</u>	<u>3,830</u>	<u>3,179</u>	<u>3,260</u>
	57,087	3,843	3,179	3,260
Non-current liabilities				
— Interest-bearing bank borrowings	80,000	—	—	—
— Lease liabilities	<u>39,501</u>	<u>12,067</u>	<u>13,051</u>	<u>13,028</u>
	<u>176,588</u>	<u>15,910</u>	<u>16,230</u>	<u>16,288</u>

As at 31 December 2024, we had interest-bearing borrowings of RMB85.1 million from a bank. In 2024, two entities of the Parent Group have entered the maximum mortgage guarantee contracts to guarantee bank facilities made to the Group. As at 31 December 2024 and 31 December 2025, the not yet past due facilities drawn by the Group was RMB85.1 million and nil, respectively. As the Group did not, at the relevant time, have sufficient standalone credit profile or assets to secure external financing on its own, such bank borrowings were obtained with the support of the Parent Group, including the provision of fixed assets of the Parent Group as collateral.

The drawdown of such bank borrowings was also substantially utilised for the funding needs of the Parent Group, which gave rise to corresponding amounts due from the Parent Group recorded in the Group's accounts.

As part of the Group's preparation for [REDACTED], the Directors have taken active steps to enhance the Group's financial and operational independence from the Parent Group. In June 2025, the guarantee contracts from related parties were terminated, and the Group fully repaid the aforesaid bank borrowings in 2025, thereby ceasing reliance on financing arrangements supported by the Parent Group's assets. As at 30 June 2026, we only had lease liabilities of RMB16.2 million. As of the Latest Practicable Date, the Group no longer has any bank borrowings secured by the assets of the Parent Group.

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Our Directors confirm that there was no default in payments of our liabilities, and/or breach of covenants or undertakings relating to our outstanding debts, guarantees, pledges over assets, or other contingent obligations during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

Lease liabilities

We recorded total lease liabilities, including current portion and non-current portion, of RMB49.9 million, RMB15.9 million, RMB16.2 million and RMB16.3 million as at 31 December 2024, 31 December 2025, 30 June 2026 and 31 July 2026, respectively. See “Discussion of Selected Items from the Consolidated Statements of Financial Position — Lease Liabilities.”

Except as disclosed in this document or any intra-group liabilities, as at 31 July 2026, we did not have any outstanding or authorised to be issued but unissued debt securities, term loans, borrowings or indebtedness in nature of borrowing, acceptance credits, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees. As at the Latest Practicable Date, we did not have any banking facilities or outstanding borrowings, and was not subject to any material covenants or undertakings, nor did it have any material guarantees, pledges over key assets, or other contingent obligations. Our Directors confirm that, save as disclosed above, since 31 July 2026, and up to the Latest Practicable Date, there had not been any material changes to our indebtedness.

Contingent Liabilities

As at 30 June 2026, we did not have any material contingent liabilities. Our Directors have confirmed that there was no material adverse change in our Group’s contingent liabilities since 30 June 2026 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE

The following table sets forth a breakdown of our historical capital expenditure for the year/period indicated:

	Year ended 31 December		Six months ended
	2024	2025	30 June
	RMB'000	RMB'000	RMB'000
Additions of property, plant and equipment	1,825	438	591
Additions of investment properties	66,533	1,330	259
Additions of right-of-use assets	—	375	180
Additions of intangible assets	<u>206</u>	<u>259</u>	<u>973</u>
Total	<u>68,564</u>	<u>2,402</u>	<u>2,003</u>

During the Track Record Period, we incurred the largest capital expenditure for the acquisition of investment properties and net investment in lease to support our sublease model under the commercial operation services in FY2024. However, as we progressively transitioned the sublease model to entrusted management services model, the additions of investment properties in lease for commercial operation services have decreased significantly subsequently for FY2025.

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RELATED PARTY TRANSACTIONS AND BALANCES

Related Party Transactions

The related party transactions were conducted during the Track Record Period in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole. Our Directors further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical result not reflective of our future performance.

The following table sets out the breakdown of our related party transactions for the year/period indicated:

	FY2024	FY2025	1H2025	1H2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
			<i>(unaudited)</i>	
Basic property management services	7,059	11,417	5,683	5,308
Value-added services	389	9,952	4,089	6,303
— Energy-related services	77	786	270	547
— Park ancillary services	—	404	—	64
— Operational support services	312	8,762	3,819	5,692
Purchase of services	12,253	24	16	—
Rental charges	60	135	67	68

Revenue from basic property management services provided to related parties increased from RMB7.1 million in 2024 to RMB11.4 million in 2025, primarily due to the substantial transition to the entrusted management service model. Under this model, basic property management fees are paid to the Group by the Parent Group rather than directly by independent tenants, as the Group no longer enters into agreements directly with the tenants. Under the sublease model, we as tenants bore the basic property management service fees if the properties were not rented out, therefore we did not recognise the basic property management services revenue for unoccupied units. Under the entrusted management service model, however, the property owner (the Parent Group) bore those fees regardless of occupancy. Revenue from basic property management services provided to related parties remained stable at RMB5.7 million and RMB5.3 million for 1H2025 and 1H2026, respectively.

Revenue from value-added services provided to related parties increased significantly from RMB0.4 million in 2024 to RMB10.0 million in 2025, driven by (i) the strategic shift in the Group's commercial operation service model from a sublease model to an entrusted management model, under which the Group directly charges service fees from related parties for managing their properties, and (ii) the expansion of the Group's value-added service offerings. Revenue from value-added services provided to related parties increased from RMB4.1 million for 1H2025 to RMB6.3 million for 1H2026, mainly driven by the growth in property sales support services.

Purchases of services from related parties mainly represent the leasing of properties from related parties for subleasing to tenants. Following the shift in the commercial operation service model, such purchases decreased significantly from RMB12.3 million in FY2024 to approximately RMB24,000 in FY2025 and nil in 1H2026.

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Rental charges represent leasing expenses for offices and staff dormitories for the Group’s own use.

For more details on related party transactions, please see Note 26 in the Accountants’ Report set out in Appendix I.

Related Party Balances

The following table sets out the breakdown of our major related party balances as at the dates indicated:

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	RMB’000
Due from related companies:			
Trading:			
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	1,233	—	631
Jinhua Zhiyu E-commerce Co., Ltd.	1,667	110	834
Chengde Baida Real Estate Co., Ltd.	499	1,440	939
Huzhou Panglong Jicheng Industrial Co., Ltd.	1,188	318	651
Zhejiang Jicheng Industrial Co., Ltd.	—	852	1,010
Others	497	3,107	2,200
Subtotal	5,084	5,827	6,265
Non-trading:			
Zhejiang Chuanzhuo Construction Engineering Co., Ltd.	90,000	—	—
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	73,792	39,873	39,873
Others	2,341	80	15
Subtotal	166,133	39,953	39,888
Total	171,217	45,780	46,153
Due to related companies:			
Trading:			
Huzhou Jicheng Industrial Co., Ltd.	3,024	—	81
Others	3,479	—	2,364
Subtotal	6,503	—	2,445
Non-trading:			
Zhejiang Jicheng Industrial Co., Ltd.	39,811	—	—
Others	1,800	13	—
Subtotal	41,611	13	—
Total	48,114	13	2,445

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Trade receivables from related companies were primarily derived from the Group’s provision of basic property management services and value-added services to related companies. The increase in trade receivables from related companies was mainly attributable to the increase in revenue from basic property management services and operational support services following the adoption of a service model under which the Group began charging service fees to various related companies for managing their properties.

Other receivables from related companies decreased significantly from RMB166.1 million as at 31 December 2024 to RMB40.0 million as at 31 December 2025. The amount of RMB90.0 million as at 31 December 2024 due from Zhejiang Chuanzhuo Construction Engineering Co., Ltd. represented loans advanced for its working capital purposes, which were largely funded by bank borrowings obtained by the Group and secured by mortgage guarantees provided by the Parent Group. The guarantee contracts from related parties were terminated in June 2025, and the aforesaid RMB90.0 million other receivables have also been fully settled. The balance remained stable at RMB39.9 million as at 30 June 2026.

The Group also recorded other receivables of RMB73.8 million from Yiwu Lianji Enterprise Management Consulting Co., Ltd., which primarily represented outstanding balance relating to historical equity acquisition consideration and project construction funding. Partial settlement has been received from Yiwu Lianji Enterprise Management Consulting Co., Ltd., reducing the outstanding balance to approximately RMB39.9 million as at 31 December 2025. The remaining non-trade balances with related companies are expected to be fully settled prior to the [REDACTED]. Our non-trade other payables to related companies as at 31 December 2024 have been substantially settled in 2025 and remained nil as at 30 June 2026.

SUMMARY OF FINANCIAL RATIOS

The following table sets out certain financial ratios relating to our Group as at the dates or for the year indicated:

	FY2024	FY2025	1H2026
Current ratio ⁽¹⁾	1.59	1.77	1.94
Liabilities to assets ratio ⁽²⁾	0.92	0.54	0.50
Gearing ratio ⁽³⁾	631.2%	28.9%	25.9%
Return on equity ⁽⁴⁾	36.8%	41.7%	N/A
Return on total assets ⁽⁵⁾	3.8%	8.0%	N/A

Notes:

- (1) Current ratio is calculated based on our total current assets as at the end of the relevant years/period divided by our total current liabilities as at the end of the corresponding year/period.
- (2) Liabilities to assets ratio is calculated based on our total liabilities as at the end of the relevant years/period divided by our total assets as at the end of the corresponding year/period.
- (3) Gearing ratio is calculated as the sum of interest-bearing bank borrowings and lease liabilities divided by total equity as at the end of the relevant year/period and multiplied by 100%.
- (4) Return on equity is calculated based on our profit for the years divided by the average of our total equity as at the beginning and the end of the corresponding year and multiplied by 100%.
- (5) Return on total assets is calculated based on our profit for the year divided by our average total assets as at the beginning and the end of the corresponding year and multiplied by 100%.

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Current Ratio

Our current ratio increased from 1.59 as at 31 December 2024 to 1.77 as at 31 December 2025. This increase was primarily due to the increase in trade receivables by RMB3.5 million and decrease in bank borrowings by RMB5.1 million during FY2025. Our current ratio further improved to 1.96 as at 30 June 2026, primarily attributable to an increase in trade receivables in line with the growth in revenue and a decrease in trade payables following the settlement of outstanding balances.

Liabilities to Asset Ratio

Our liabilities to asset ratio decreased significantly from 0.92 as at 31 December 2024 to 0.54 as at 31 December 2025 and further to 0.50 as at 30 June 2026. This decrease was primarily due to the higher decrease in liabilities than assets mainly because of the repayment of interest-bearing borrowings of RMB85.1 million.

Gearing Ratio

Gearing ratio decreased substantially from 631.2% as at 31 December 2024 to 28.9% as at 31 December 2025 and further to 25.7% as at 30 June 2026 because the interest-bearing borrowings were fully settled in 2025.

Return on Equity

Our return on equity for FY2024 and FY2025 was 36.8% and 41.7% respectively. Such increase was mainly due to the extent of increase in net profits by RMB8.0 million being greater than the increase in equity.

Return on Total Assets

Our return on total assets for FY2024 and FY2025 was 3.8% and 8.0% respectively mainly due to the increase in profit for FY2025 by RMB8.0 million.

COMMITMENTS

As at 31 December 2024 and 2025 and as at 30 June 2026, we did not have any material capital commitment and we, as a lessee, had no lease contracts that have not yet commenced as at 31 December 2024, 2025 and 30 June 2026, respectively.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period, we have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any Independent Third Parties. We have not entered into any derivative contracts that are indexed to our equity interests and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. We do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

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QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

Market risk is the risk of loss associated to adverse changes in the market prices of financial instruments. During the ordinary course of our business, we are exposed to a variety of market risks, including credit risk and liquidity risk, as set out below. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. For more details, please see Note 30 in the Accountants’ Report set out in Appendix I.

DIVIDEND AND DIVIDEND POLICY

No dividend was paid or declared by our Group during the Track Record Period and up to the Latest Practicable Date.

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholders’ general meeting for approval. Our Board may declare dividends in the future after taking into account our distributable profits, financial condition, cash flows, expected future capital expenditure, return to our Shareholders, capital requirements, finance costs, the external financing environment and any other factors that the Directors may deem relevant. Any declaration and payment, as well as the amount of, dividends will be subject to the requirements of our Article of Association and the PRC Company Law. According to the PRC Company Law and our Articles of Association, dividends are distributed to our Shareholders in proportion to their shareholdings. The payment of dividends may also be limited by legal restrictions.

As at the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. However, subject to the availability of our cash and distributable reserves, investment requirements, our cashflows and working capital requirements and the approval of our Shareholders, our Directors currently intend to declare and recommend dividend amount to not less than 20% of the annual distributable profit, if any, from ordinary activities starting from the financial year ending 31 December 2027 subsequent to the [REDACTED].

WORKING CAPITAL SUFFICIENCY

We finance our working capital needs primarily through cash flow from cash generated from operating activities. Taking into account the financial resources available to us, including the cash flow from operating activities, our cash and cash equivalents of RMB16.9 million as at 30 June 2026 and estimated [REDACTED] from the [REDACTED], after due and careful inquiry, our Directors are of the view that we have sufficient working capital available for at least the next 12 months from the date of this document.

DISTRIBUTABLE RESERVES

As at 30 June 2026, our Group had retained earnings of RMB24.1 million under HKFRS Accounting Standards, as reserves available for distribution to our Shareholders.

[REDACTED]

Our [REDACTED] mainly include [REDACTED] fees and legal and professional fees in relation to the [REDACTED]. Assuming an [REDACTED] of HK\$[REDACTED] per Share (being the [REDACTED] of the indicative [REDACTED] range), the [REDACTED] to be borne by our Group is estimated to be approximately HK\$[REDACTED] million (equivalent to RMB[REDACTED] million) (being [REDACTED]% of the gross [REDACTED]), of which RMB[REDACTED] million, RMB[REDACTED] million and RMB[REDACTED] million have been charged to our consolidated

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statements of profit or loss and other comprehensive income in FY2024, FY2025 and 1H2026, respectively, approximately RMB[REDACTED] million is expected to be charged to profit or loss and other comprehensive income after the Track Record Period, and approximately RMB[REDACTED] million is directly attributable to the [REDACTED] and [REDACTED] of our [REDACTED] and will be deducted from equity upon the [REDACTED]. By nature, our [REDACTED] are composed of (i) [REDACTED] of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisers and Reporting Accountants of approximately HK\$[REDACTED] million and other fees and expenses of approximately HK\$[REDACTED] million. The estimated [REDACTED] are subject to adjustment based on the actual amount incurred or to be incurred.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited [REDACTED] Financial Information.”

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Please see the section headed “Summary — Recent Developments and No Material Adverse Change” of this document for details.

Our Directors have confirmed that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 30 June 2026, being the end date of the latest reporting period of our consolidated financial statements, and there has been no event since 30 June 2026 that would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.